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**A study of post-colonial statecraft in the Pa-O Self-Administered Zone in the Southern Shan State of Myanmar, 1988-2015**

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**A study of post-colonial statecraft in the Pa-O Self-Administered  
Zone in the Southern Shan State of Myanmar, 1988–2015**

**Ricky Wai Kay Yue**

**A thesis submitted for the degree of Doctor of Philosophy**

**University of Bath**

**Department of Politics, Languages and International Studies**

**April 2018**

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## **Abstract**

Burma was already a failed state when the military seized power in 1988 after brutally quashing the democracy movement. Yet, without improving the social and economic conditions, and despite a lack of capacity and legitimacy to govern, the military regime managed to survive and hold on to power until 2015. Arguably, it continues to enjoy veto powers beyond the transfer of authority in a fragmented country that has been beleaguered by ethnic conflicts and separatism even before independence. Thus, this dissertation asks how the regime maintained control in the Pa-O Self-Administered Zone during the period 1988–2015. The aim is to identify the social control mechanism through which power originating from the state could be asserted at the village level, where the resistance took place.

Social control denotes the ability of the regime to penetrate and regulate society in order to fulfil the aims of extraction and appropriation. The mechanism entails the co-optation of local warlords at one end of the control spectrum and the suppression of local resistance at the other. Co-optation at the top level and suppression at the local level are not separate social control strategies; rather, they are linked by a political economy network that redraws the lines of patron-client relations. While the political economy and patron-client relations have been altered, at the heart of the social control mechanism is the village tract system, which was sidelined during the colonial era but was reinstated under the military regime. Crucially, the village tract leaders are at the centre of the social control machine, performing the functions of penetration, regulation, extraction, and appropriation.

## List of Abbreviations

AFPFL	Anti-Fascist People's Freedom League
BAD	Border Areas Development
BIA	Burmese Independence Army
BSPP	Burma Socialist Programme Party
BCP/CPB	Burmese Communist Party/Communist Party of Burma
CHMC	China National Heavy Machinery Corporation
CPC	Communist Party of China
CSO	Civil Society Organisation
DEMO	Democracy for Ethnic Minorities Organisation
FACE	Frontier Areas Committee of Enquiry
GAD	General Administration Department
KIA	Kachin Independence Army
KIO	Kachin Independence Organisation
KKY	<i>Ka-Kew-Ye</i> (local militia)
KMT	Kuomintang
KNPP	Karenni National Progressive Party
KNU	Karen National Union
KNUDO	Karen National Union Defence Organisation
KRSAN	Kaung Rwai Social Action Network
KYO	Karen Youth Organisation
MEC	Myanmar Economic Corporation
MOEP	Ministry of Electric Power
MPC	Myanmar Peace Centre
MTA	Mong Tai Army
NDF	National Democratic Force
NGO	Non-Governmental Organisation
NLD	National League for Democracy
PDN	Parami Development Network
PNA	Pa-O National Army
PNLO	Pa-O National Liberation Organisation
PNO	Pa-O National Organisation

PPLO	Pa-O People's Liberation Organisation
PVO	People's Volunteer Organisation
PYO	Pa-O Youth Organisation
RCSS	Restoration Council of Shan State
SAZ	Self-Administrated Zone
SLORC	State Law and Order Restoration Council
SNDP	Shan Nationalities Democratic Party
SNLD	Shan Nationalities League for Democracy
SNLF	Shan Nationalities Liberation Front
SNUF	Shan National United Front
SPDC	State Peace and Development Council
SSA	Shan State Army
SSA-N	Shan State Army – North
SSA-S	Shan State Army – South
SSIA	Shan State Independent Party
SSFL	Shan States Freedom League
SSNLO	Shan State Nationalities Liberation Organisation
SSNPLO	Shan State Nationalities People's Liberation Organisation
SSPP	Shan State Progress Party
SSSC	Shan States Saohpas' Council
SUA	Shan United Army
SURA	Shan United Revolutionary Army
TRC	Thailand Revolutionary Council
UMEH	Union of Myanmar Economic Holdings Limited
UPNO	United Pa-O National Organisation
USDA	Union Solidarity and Development Association
USDA	Union Solidarity and Development Association
USDP	Union Solidarity and Development Party
VTL	Village Tract Leader
WHEPE	Wuxi Huagaung Electric Power Engineering

# **Chapter One:**

## **Nation-Building and the Question of Control**

The concept of the nation-state relates to the idea that a country needs to at least establish its territorial boundaries and create conditions under which the people who will become its citizens aspire to the common virtues within those territories. In contrast, a nation is simply a community of people who share a common identity, which may simply be based on a common language, ideology, shared memories, or what Anderson (1991) has termed an imagined community, but this sense of identity should be strong enough for them to defend the very idea of nationhood. However, in the decolonisation process after the Second World War, conceptions of both the nation-state and nation often collided, resulting in a state formation process that was marred with violence and civil wars. Ayoob (1995) calls this a Third World predicament because elites were moving too fast and too hard on the state-building project without realising that conditions in these new nation-states were drastically different from their European counterparts. The latter had over four hundred years to build their states. Therefore, any attempt to replicate the previous state formation experience would be doomed to failure.

### **1.1 Burma and the Third World Security Predicament**

Burma's state formation process could not escape the fate of the Third World security predicament.<sup>1</sup> For a country that has 135 ethnic groups, integrating these nations into a nation-state has proved to be a challenge (Kramer, 2010; Sakhong & Keenan, 2014; South, 2008). Indeed, the clash between nation and nation-state remains one of the most prominent features of politics in Burma. Although the Panglong Conference and the subsequent 1947 Constitution enshrined the spirit of ethnic diversity, the assimilation project started shortly after independence in 1948. In 1952, the government declared that all official business had to be conducted in Burmese. In the process of Burmanisation, school teachers had to use Burmese to

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<sup>1</sup> After independence, the name of the country was the Union of Burma (Burma). In 1989, the name was changed to the Union of Myanmar (Myanmar). Likewise, Rangoon was renamed Yangon, Pegu became Bago, and ethnic groups such as Karen changed to Kayin. In this study, names such as Burma/Myanmar, Rangoon/Yangon, and Karen/Kayin are used synonymously.

teach at school and history had to be taught from the perspective of Burmese nationalism (Brown, 1994; Collins, 2002). More importantly, as the country was being consumed by Cold War politics, building a nationalist Burman army known as the *Tatmadaw* became the only security apparatus that could hold the divided and vulnerable country together (Callahan, 2003, p. 5; Holliday, 2010, p. 31). The ethnic minorities responded by upping their nationalist movements (Lintner, 1999; Smith, 1999). Consequently, although the country briefly experimented with democracy, an over-reliance on the military inevitably invited a *coup d'état* in 1962 by Ne Win, who intensified the process of Burmanisation (Collins, 2002). The new administration introduced the Burmese Way to Socialism, thereby condemning a once prosperous country to decades of economic mismanagement. Consequently, by the 1980s, the country was in disarray. Drug money provided weapons for ethnic armed groups and fuelled more fighting with the *Tatmadaw*. The country's foreign reserves dwindled from US\$410m in 1980 to just over US\$110m in 1985,<sup>2</sup> and the fiscal deficit climbed from 5.1% in 1985 to 8% of GDP in 1988 (Htay, 2007).

The situation reached boiling point on 8 August 1988, when thousands of students, joined by Buddhist monks and civilians, staged country-wide protest demanding political and economic reform. The protest, also known as the 8888 Movement, was brutally suppressed by the military, which was headed by General Saw Maung, who installed the State Law and Order Restoration Council (SLORC) as the transitional government and promised holding a general election, but not until order was restored. Answering calls from the people, Aung San Suu Kyi formed the National League for Democracy (NLD) in order to campaign for democracy. Although the NLD won a landslide victory in the 1990 general election, the military junta renounced the result and placed Suu Kyi under house arrest. Economic sanctions from the West swiftly followed, and the country quickly sank into the abyss in the international arena, isolated and marginalised. To compound the misery of the state, ethnic groups such as the Kachin, Wa, and Shan escalated their demands for greater autonomy and self-determination (Kyaw, 2008; Maung Maung, 2012; McCarthy,

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<sup>2</sup> International Monetary Fund, International Financial Statistics. *Total Reserves*. Retrieved from <https://data.worldbank.org/indicator/FI.RES.TOTL.CD?locations=MM>.



2000; Taylor, 2009; S. Yawngnaw, 2013). In short, by 1988, the country had become a failed state.

In neoliberal institutionalism and neo-Weberian institutionalism discourses, state failure is measured in terms of state capacity. Indeed, Rotberg (2004, p. 1) claims that nation states fail when ‘they are consumed by internal violence and cease delivering positive political goods to their inhabitants’, which include healthcare, education, infrastructure, economic development, security, and law and order. Therefore, it is the non-performance of a government in regard to delivering security, welfare, and economic development that leads to state failure (Di John, 2010; Zartman, 1995). Suffice to say, the provision of positive political goods does not necessarily make the state more answerable to its citizens or more democratic, but it at least serves to enhance the legitimacy of the regime.

Moreover, a state is not necessarily a failed state if the regime can force its will on the civilians despite social resistance; it only fails to deliver the public goods that the people want (Hameiri, 2007). Therefore, there is a difference between a state’s capacity to deliver positive political goods and its capacity to force its will on society. Zartman (1995, p. 7) marks this difference as the distinction between a ‘strong’ state and a ‘hard’ state.

When the SLORC took control of the country in 1988, irrespective of whether it wanted to prevent state failure or turn the country into a ‘hard’ state, and mindful that these were not mutually exclusive objectives, the immediate task was to rebuild state capacity.

## **1.2 Ceasefire Agreement and the Nation-Building Process**

Amid the chaos, the SLORC abandoned its decade-long four-cut counter-insurgency strategy and replaced it with ceasefire negotiations. The four-cut counter-insurgency strategy was first introduced by Ne Win in 1963 and was aimed at cutting off food, funding, intelligence, and the supply of civilian support to resistance groups, leaving no room for compromise (Smith, 1994; South, 2008). In contrast, between 1989 and

2006, a total of 20 ceasefire agreements were reached with various ethnic armed groups (Zaw Oo & Win Min, 2007).

The ceasefire initiatives signalled a significant shift in the mindset of the rulers. Instead of forced amalgamation through Burmanisation, it was the first attempt since the Panglong Agreement in 1947 where the ruling regime considered state-building as a viable option for national reconciliation. Indeed, Kivimaki (2008, p. 82) points out that ethnic rights had often been linked to the struggle for democracy, but, ironically, it was the military regime that made efforts towards a rapid conclusion of ceasefire agreements. However, this ceasefire initiative was different from conventional post-conflict resolution procedures, which emphasise disarmament, demobilisation, and reintegration (DDR) (Kyed & Gravers, 2015). Instead, ethnic groups in Myanmar were allowed to keep their arms, and disarmament had no place in the ceasefire negotiations. Therefore, the initiative should be seen not as a political settlement but as a military one. Indeed, in assessing the effectiveness of the ceasefire agreements, Zaw Oo and Win Min (2007, p. 59) conclude that ‘this policy is unlikely to guarantee ethnic harmony or a lasting peace’. This arrangement raised the question of whether the regime was genuine in securing peace in the long run. If securing long-term peace was not the objective, what could these ceasefire agreements achieve?

### **1.3 Strategies of Regime Survival**

One logical deduction would be that the ceasefire agreements bought the regime precious time to work on its pacification project, with the ultimate aim of holding onto power and achieving regime survival. However, the country has, since independence, been torn apart by conflicts arising from decolonisation, ethno-nationalism, geopolitics, and the resource curse. Moreover, sanctions from the West deepened the economic and legitimacy crises. Therefore, could these ceasefire agreements have served to tame such multi-dimensional challenges at the same time as helping to consolidate the power and capacity of the regime?

### 1.3.1 Reliance on China

There is no shortage of literature attempting to address how the regime became increasingly dependent on China in order to breach the Western sanctions. Taking advantage of the military regime's predicament, Bader (2015a, 2015b) explains how China was able to serve its own interests by helping the regime to exploit the country's resources, thereby providing the financial lifeline to support the survival of the regime. However, keeping the regime financially afloat would not necessarily lead to its survival. On the contrary, squandering the national resources would only lead to a wider spread of poverty and inequality, thus jeopardising justice, increasing resistance, and further undermining legitimacy.

From a historical perspective, Myoe (2011, p. 188) explains the close relationship between China and Myanmar by referring to the *Pauk-Phaw* (meaning kinship) friendship that was established in the 1950s, claiming that 'neither the Sinocentric world order of tributary relations nor the Westphalian world order of sovereign equality can adequately define the nature of Sino-Myanmar relations'. Therefore, financial assistance from China is justified on moral grounds based on the brotherhood relationship of *Pauk-Phaw*. However, content analysis shows that China only used the *Pauk-Phaw* friendship when it tried to repair the relationship between the two countries. Indeed, there was an absence of the use of the term from 1991–2001 by China, and the term only resurfaced more frequently from the Chinese side after the re-pivot to Asia policy of the US (Yue, 2014). In fact, the financial assistance from China that came with investment concessions caused more social disharmony and bred local resistance. The social backlash from the Myitsone dam project and the Letpadaung copper mine are cases in point.<sup>3</sup> Therefore, Chinese

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<sup>3</sup> If it were to go ahead, the Myitsone dam and hydroelectricity project would flood an area four times the size of Singapore, causing substantial human displacement and pollution and the lowering of the water table downstream. Yet, Myanmar would only receive 10% of the electricity generated, with the remainder going to China. The project was halted in 2015. When the talks with the Chinese resumed, there were widespread local protests. See Ttwin On Sun. (2016, May 6). Protest surrounds Chinese envoy's hotel. *The Eleven Myanmar*. Retrieved from <http://elevenmyanmar.com/local/protest-surrounds-chinese-envoy%E2%80%99s-hotel>. See also Moe Myint. (2006, June 4). Dozens in Myitkyina Township protest Myitsone dam meeting. *The Irrawaddy*. Retrieved from <https://www.irrawaddy.com/news/burma/dozens-myitkyina-township-protest-myitsone-dam-meeting.html>. For a brief background on the controversies caused by the Chinese operating the Letpadaung copper mine, see Aung Hla Tun. (2016, May 6). Hundreds protest restart of China-backed copper

investments in Myanmar were, in fact, not a blessing but a curse that would come back to haunt the regime (Arakan Oil Watch, 2012). Moreover, since the awarding of these foreign investment projects were marred with accusations of corruption, illegal land repossession, and crony capitalism, they served very little in enhancing the regime's legitimacy and, thereby, its survival (Bauer, Shortell, & Delesgues, 2016; Bissinger, 2012).

Indeed, the Sino-Myanmar relationship is simply a marriage of convenience brought about by Cold War struggles and power rivalries (Fan, 2012). At the turn of the millennium, when China became dependent on oil but vulnerable to the stability of its supply, Myanmar became the solution for by-passing the geopolitical choke-point at the Strait of Malacca (Chen, 2008; Wong & Yue, 2014). However, the increase in revenues from the export of oil and gas only enriched the regime and its cronies, but did nothing to ease economic and social tensions.

When U Thein Sein took presidential office in 2011, he showed signs of loosening the authoritarian grip and began to warm towards the West, which prompted Haacke (2010) to remark on a change in the regime's survival tactics by taking calculated risks to court the US, thereby lessening the dependency on China. Other scholars joined this discourse by examining the realigned relationship between the US, China, and Myanmar (Fiori & Passeri, 2015; Huang, 2015). Yet again, the existing literature only examined the survival techniques from a realist perspective by assuming regime survival would be enhanced through the balancing act between China and the US. These studies examined the issue from a macro perspective, but they failed to provide any narrative as to how resistance was being dealt with at the micro (local) level.

### **1.3.2 Nationalism as everyday politics**

Breaking economic and international blockades should be just one of the concerns when it comes to regime survival. In this sense, how to deal with rising ethno-nationalism can be understood as another obstacle to long-term survival.

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mine in Myanmar. *Reuters*. Retrieved from <https://www.reuters.com/article/us-myanmar-mine-protests/hundreds-protest-restart-of-china-backed-copper-mine-in-myanmar-idUSKCN0XX15A>.

Endeavouring to link a political solution for ethnic conflict to international relations was the central theme of the work of Lian Sakhong. As a Chin ethnic scholar, Sakhong, together with other Chin political activists, was arrested in 2010. His reflection on his experience and desire to protect the Chin identity and culture prompted him to advocate for a Federated Union of Myanmar, assisted by international mediation (Sakhong, 2010, pp. 138-140). The emphasis remained on a negotiated political settlement. However, as already argued, the ceasefire agreements were not a political settlement, and therefore the mismatch between an ideal political outcome and political reality is as far apart as before.

Indeed, Michael Gravers (1999) has correctly pointed out that, throughout the history of Burma, power is expressed through nationalism. The ‘Burmese Way’ was only a catchphrase drummed up by Ne Win after he staged the coup, when there appeared to be no alternative way to describe the embedded ideology (Gravers, 1999, p. 78). For the Burmese state-building project, there was no pluralism, only ‘the Burman-foreigner dichotomy; they must fit into the loyal or the alien categorization. Ethnocentrism and xenophobia are caught up in every political debate or action’ (Gravers, 1999, p. 80). Gravers had no confidence in any resolution of the conflict arising from nationalism, as he notes that opposition minorities were using the same power tactics as the regime in order to justify their own causes for armed struggle. Therefore, as long as the leaders of these nations manipulate their audience into believing that they are the only people who can provide security and control, and more importantly, to protect their culture and heritage, there will be no end to the rhetoric of nationalism. Gravers is not alone in reaching this pessimistic conclusion; Martin Smith (2007) also shares the same concerns by pointing out that insurgency has been a way of life in the political evolution of the country since independence. Having met many key ethnic armed group leaders first-hand, Smith was able to capture the dynamics of ethnic insurgency fanned by greed, betrayal, geopolitics, all in the name of nationalism (Smith, 1999).

### **1.3.3 Ceasefire agreement as conflict management**

At this juncture, it is worth recapping the mainstream literature on Myanmar after the military takeover in 1988 and the implications for regime survival. First, economic

hardships were eased as the country sold off its natural resources and became increasingly dependent on China. However, this merely served to deepen public resentment against the military regime, as the benefits reaped were only shared with state cronies. Moreover, the ceasefire agreements were, in fact, just a change in tactics from all out confrontation to securing temporary peace, and ethnic tensions under the banner of nationalism remained. Therefore, regime survival did not appear to be sustainable in the prevailing political, economic, and social climate, but the regime managed to remain in office until 2015, and arguably still enjoy veto power over the NLD, who won the election. Could there be more than was apparent working behind the scenes to sustain regime survival?

In this regard, Tom Kramer (Kramer, 2009, 2010) has made two important contributions to an understanding of the post-ceasefire political contours: first, by developing a framework to understand the ethnic conflict; and secondly, by re-framing the narratives of the ceasefire initiatives. Kramer unpacks the complicated ethnic issue into various organisations. Within the ethnic minority organisations, Kramer identifies three sub-groups: the armed groups, the political parties, and civil society organisations (CSOs). While he points out the natural alliances among these ethnic actors, he also raises the possibility of potential conflict of interests and grievances among the sub-groups (Kramer, 2010, pp. 58-69). This serves to highlight the continuation of the divide-and-rule strategy in the post-ceasefire era, albeit in a different version from the British era. Furthermore, while acknowledging that the ceasefire agreements were not political settlements, Kramer goes one step further from the military settlement as suggested by Zaw Oo and Win Min (2007) to put forward the concept of conflict management. The significance of the distinction between military settlement and conflict management is that Kramer does not see the ceasefire agreements as the tool for resolving the conflict, but rather as a statecraft technique for managing the conflict. In this sense, under the conflict management narrative, divide-and-rule in order to maintain regime survival took over the objective of securing peace.

However, apart from voicing concerns over the possibility of continued ethnic conflict, Kramer does not elaborate on how these ethnic minority organisations

structured themselves to resist the regime under the divide-and-rule tactic of conflict management. In describing the goals and strategies of various cease-fire groups, he ironically fails to differentiate between the objectives of various ethnic political parties and their armed group counterparts, and there is no mention of how these objectives contradict those of local ethnic CSOs (Kramer, 2009, pp. 16-20). Moreover, he fails to inform readers on what was holding the structure together, therefore provided no clue as to how the divide-and-rule tactic would work in favour of regime survival. Consequently, the operational mechanism of the divide-and-rule tactic under ceasefire conflict management remains hidden inside a black hole.

## **1.4 The Hidden Mechanism of Survival**

At this stage, it is apparent that there is no such thing as a grand theory to describe and explain the post-1988 political contours in Myanmar. The existing literature examines the circumstances and conditions under which the military faced a challenge to their survival, but there is inadequate analysis to determine the actual process of how these challenges were being dealt with in practice. Using a black-box analogy, the factors and conditions affecting regime survival are thrown into the black box at one end, and the outcome of regime survival come out the other, but with no explanation of what actually took place inside the black box. In the rare situation where some details have emerged, they are patchy and could be very misleading. The investment in Myanmar during the early 1990s by Robert Kuok, who has been dubbed ‘the King of Sugar’ and is one of the richest men in Asia, is a case in point.<sup>4</sup>

At the peak of the Western sanctions brought about by the repudiation of the 1990 election, the Shangri-La Group, owned by Robert Kuok, reached an agreement with the regime to build the Traders Hotel in the heart of Yangon in 1994. Asia World, which was run by Steven Law, the son of the Myanmar drug kingpin Lo Hsing Han, was quoted as a partner in the hotel.<sup>5</sup> This high profile investment caught the

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<sup>4</sup> Terazono, E. (2015, September 25). King of Sugar shares pearls of wisdom. *Financial Times*. Retrieved from <https://www.ft.com/content/aeb3cf36-62cb-11e5-9846-de406ccb37f2>. See also his memoir (Kuok & Tanzer, 2017).

<sup>5</sup> A big-time Burmese drug trafficker’s Singaporean connection (2008, February 29), *Asia Sentinel*. Retrieved from <https://www.asiasentinel.com/politics/a-big-time-burmese-drug-traffickers->

attention of the world, not only because it broke the financial blockade that the West had imposed on the regime, but it was also the first of many investments that brought the regime, drug lords, and overseas investors to the same table. Not surprisingly, many researchers cast the investment in a bad light and jumped to the conclusion of Asian business tycoons linked to crony capitalism in Myanmar (Pederson, 2015; Rotberg, 1998). While this case could be cited as an example of how the regime overcame Western sanctions and escaped from isolation, or used as a reference on resource exploitation, there was a great deal of detail that was not apparent on the surface but that painted a different picture. This highlights the importance of digging deeper beneath surface of the ceasefire agreement in order to determine the network of operations that would enhance state control after decentralisation.

The negotiation to build the Traders Hotel started well before the sanctions had been imposed. However, when the project was finalised, the sanctions began to bite, and technical problems unexpectedly emerged, one of which was the transfer of funds to pay for the hotel's construction. At the time, the official rate was 7 kyat for 1 US dollar, but the black market rate was K220 to the dollar. In this context, it did not make sense to convert the investment at the official rate, but the Shangri-La Group could not use the black market. Another problem was who would be able to build the hotel while Western sanctions were in force? Reputable contractors inevitably had Western links and were therefore barred from involvement. A solution was found by bartering with the Asia World Group. At the time, Asia World was the largest contractor in Myanmar, and they had an import license for important raw materials, such as cement, iron, and steel. The deal was arranged such that Kerry Trading, a sister company of Shangri-La, would sell oil and sugar to Asia World, and Asia World would, in turn, build the hotel for Shangri-La. To be sure, Lo Hsing Han, his son Steven Law, and Asia World were never Robert Kuok's partners, although the

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[singaporean-connection/](https://www.wsj.com/articles/cronies-of-former-myanmar-regime-thrive-despite-u-s-blacklist-1439433052). See also Mahtani, S. and Paddock R. (2015, August 12). 'Cronies' of former Myanmar regime thrive despite US blacklist. *Wall Street Journal*. Retrieved from <https://www.wsj.com/articles/cronies-of-former-myanmar-regime-thrive-despite-u-s-blacklist-1439433052>.



outside world seems to have reached such a conclusion by simply reading the headlines.<sup>6</sup>

There are two reasons for recounting the experience on the transaction between Shangri-La and Asia World, the first of which is to follow the practice of ‘participant objectivation’ as suggested by Bourdieu (2003) in dealing with the problem faced by an ethnographer on how to reconcile subjectivity and objectivity when observing a foreign experience. The purpose of participant objectivation is to inform readers on the social conditions of the observer who is making the observation, thereby highlighting the effects and limitations on the observation. With regard to this thesis, recounting the experience serves to highlight the author’s sensibility to economic and business transactions, as well as the networks behind the scenes. The second reason paves the way towards exploring and constructing the research question based on the knowledge that, for any decision to be implemented, there must be an exchange of services several layers below the decision makers, who may not even be aware that such transactions are taking place. Therefore, in articulating the research question and setting it within a theoretical framework, this thesis is mindful of exploring the link between the macro and micro levels of decisions and actions, and stresses that the empirical experience of this research can be traced back to the early 1990s when the Shangri-la project began.

## **1.5 The Paradox of Decentralisation While Maintaining Control**

The complexity of nation-building and the challenges faced by a military regime that lacks capacity and legitimacy were discussed earlier in this thesis. A survey of the literature on how the regime dealt with the dilemma of regime survival amid international isolation, economic meltdown, and ethnic tension failed to yield any satisfactory answer as to how the regime could survive the challenge. Although the ceasefire agreements bought temporary breathing space for the regime to ‘get its

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<sup>6</sup> At the time of the investment, I was a director in the Myanmar Fund, which had a stake in the Traders Hotel in Yangon. Hence, I was directly involved in the project and had first-hand information on how the deal was negotiated. To the best of my knowledge, Robert Kuok was never involved in the negotiation and was not aware that a barter arrangement had been made between Shangri-La and Asia World.

house in order', the siphoning off of national resources only served to intensify resistance at the local level. Yet, the regime survived the challenge. The way they did so, or what went on inside the black box, remains unanswered. In this sense, there is a need to dig deeper under the surface in order to unveil the mechanism(s) of survival.

Burma is a country that is rich in natural resources, including oil and gas, timber, fishery, and gems and minerals. In the financial year 2013/14, oil and gas brought in US\$2.7 billion to government revenues, while mineral revenues contributed another US\$460 million (Bauer et al., 2016). However, according to an independent report by Global Witness (2015a), the value of jade production in the country was US\$31 billion in 2014 alone. The vast difference between the revenue received by the government and the estimated actual revenue highlights the substantial shadow economy of the country, which breeds corruption (Arakan Oil Watch, 2012).

More importantly, such revenue potentials inevitably invite competition for control. Ironically, these natural resources are located in the country's former Frontier Areas, where ethnic minorities reside. Therefore, a problem of resource distribution and administration becomes entwined with ethnic issues of autonomy and self-determination. Given a lack in legitimacy to govern, civil war would be a highly probable outcome if these events were to happen in Africa, such as in Rwanda, Sierra Leone, or Sudan (Collier & Hoeffler, 2002; Collier & Sambanis, 2005a; Hoeffler, 2011; Hyden, 2006). After all, the politics of the belly would ensure that the country's endowments would be siphoned off to the ruling elites who are trying to enrich and empower themselves, resulting in an inevitable fight for a share in the national cake from those who are being deprived (Bayart, 1993). However, the greed of the political elites and the grievances of the deprived are two sides of the same coin, or 'alternative interpretations of the same phenomenon', and they provide very little explanation of the political outcome, be it civil war, revolution, or simply rioting (Collier & Sambanis, 2005b, p. 325). Therefore, in order to understand regime survival in Myanmar, our attention turns to examining the approach used by the regime to regain legitimacy and rebuild state capacity.

### **1.5.1 Re-legitimation through decentralisation**

Arguably, the shift from the four-cut counter insurgency strategy to conflict management through ceasefire agreements indicates the first step of the re-legitimation process. Yet, this process is not without inherent risk. In his seminal work about the relationship between the state, economy, society, and culture, Manuel Castells (2007, p. 271) notes that increasing diversification and fragmentation of social interests in a network society will lead to legitimation crisis when the government cannot meet these demands. Responding to this crisis, the government may shift its power and resources to local and regional governments. In doing so, the central government becomes less effective in meeting the demands of conflicting social groups, thus resulting in minorities relying more on their local patrons and thereby further empowering them in the process. Therefore, Castells (2007, p. 275) argues that, what starts as a process of re-legitimising, the state, through a decentralisation of power, actually ends up deepening the legitimation crisis. He further claims that, if national identity is mishandled, civil war is a likely outcome, as in the case of Chechnya (i.e. the Chechen Republic) (Castells, 2007, p. 273).

Castells' observation is in line with that of civil war experts and serves to underline the predicament faced by the Burma government in trying to maintain country unity on the one hand while continuing to exploit resources at the expense of ethnic minorities on the other. According to Castells (2007), the key to avoiding the collapse of a state from the decentralisation process is the effectiveness of its governance.

### **1.5.2 The dawn of emerging political complexes**

How would the claim of Castells hold up when juxtaposed against the ceasefire initiatives in Myanmar? Although over 20 ceasefire agreements had been reached since 1988, the country is still embroiled in ethnic fighting, noticeable in Northern Shan State. In summarising the political situation since the military takeover, Mary Callahan (2007) observes three outcomes: near devolution in Wa and Kokang, military occupation in Rakhine and Kayah, and coexistence in the Pa-O territory in the Southern Shan State and much of Kachin State. Callahan's observations do not

necessarily invalidate the claim of Castells or the civil war experts, for war and co-existence were simultaneously one of the outcomes. Indeed, her finding supports the conundrum earlier raised by Collier and Sambanis (2005b, p. 325), in that the political outcome of the struggle between greed and grievance rests on the pathways through which the struggle is played out. That is to say, it depends on what took place inside the black box.

In arriving at her conclusion, Callahan (2007) applies the concept of ‘emerging political complexes’ as a possible explanation for the different political outcomes. The notion of the emerging political complex originated in Mark Duffield’s (2001) work on conflict prevention and resolution. In this regard, Duffield identifies underdevelopment as a major threat to security and therefore proposes combining the resources of non-governmental organisations (NGOs), government agencies, military coalitions, international institutions, and donor governments in a concerted effort to provide a secured environment for development. Duffield notes that, in certain conflict areas, different players are constantly attempting to set rules, claim the moral high ground, and offer protection, at the same time as continuing to extract resources. These players have their own agendas, which are sometimes complementary to each other (Duffield, 2001, p. 156). Their coalitions are flexible, adaptive, and changing, in other words, mutually constituting. While these emerging political complexes ‘are able to wage war’, Duffield (2001, p. 192) emphasises that ‘in many places they are also the only force realistically capable of reinstating a peace’.

Employing the emerging political complex concept, Callahan (2007) goes on to describe the composition of these complexes in the areas of devolution, occupation, and coexistence. Stakeholders are highlighted and their interests identified. Her work makes a significant contribution towards an understanding of the area of conflict in that she has shifted the analytical focus away from the state to include non-state actors. Callahan’s findings on military occupation and devolution are consistent with civil war scholars. However, when explaining the third possible outcome, that of co-existence, how can the resulting co-existence be reconciled with Castells’ claim that the process of re-legitimising a state through the decentralisation of power could actually end up deepening the crisis of legitimisation?

### **1.5.3 The re-legitimation process**

The answer to the previous question lies in the ceasefire initiatives with ethnic armed groups after the SLORC took power. There were two components to this decentralisation and re-legitimisation process: the first started with the signing of ceasefire agreements and mapping out territorial jurisdiction, while the second involved the co-optation of local strongmen as agents for the state.

The first step took place almost immediately after the SLORC assumed power. In May 1989, the military regime introduced the Programme for the Progress of the Border Areas and National Races Development (also known as the Border Areas Development programme [BAD]) in an attempt to promote development in the Frontier Areas, thereby alleviating the pressure from internal conflict (Lambrecht, 2004). However, the introduction of BAD coincided with the collapse of the CPB in the summer of 1989. Many CPB members escaped to the border areas by either joining the local ethnic armed groups or forming their own, therefore fuelling further ethnic conflicts (Lintner, 1990; Lintner & Black, 2009). Therefore, although it started with good intentions, the BAD initiative fell into difficulties.

Desperately needing some positive development to support its legitimacy to govern and to prevent further escalation of ethnic uprising due to reinforcement from ex-CPB members, the military regime turned proactive on ceasefire diplomacy with local armed groups. Between 1989 and 1995, a total of sixteen ceasefire agreements were concluded, nine of which were reached with armed groups in Shan State and the rest with armed groups in Kachin, Kayah, and Karen States (Zaw Oo & Win Min, 2007). In return for a ceasefire, the military regime awarded economic concessions, at various degrees, to the ethnic armed groups and set in motion the reformation of local political economies in the ceasefire zones.

The second step involved the co-optation of local strongmen. A report by the Burma Partnership in June 2011 lists no less than 42 cronies of the state,<sup>7</sup> many of which were closely related to the regime's senior personnel. However, there were two on the list that raised attention because they were warlords turned entrepreneurs. Perhaps the most famous of those who surrendered arms and became cronies of the state is Lo Hsing Han, whose son Steven Law started the Asia World Company in 1992. Asia World is one of the largest conglomerates in the country, with businesses ranging from construction to transportation, import and export, oil and gas, deep sea ports, industrial development, and even a supermarket chain. Another former state enemy turned crony is Nay Win Tun, who was a general in the Pa-O National Army (PNA). When the armed group signed a ceasefire agreement with the regime in 1991, Nay Win Tun converted into a businessman and formed the Ruby Dragon group of companies, with jade mining among its lucrative businesses.

#### **1.5.4 Warlord co-optation and ceasefire capitalism**

How would these warlords-turned-cronies help to shape the emerging political complexes? In recent conflict discourse on Myanmar, ceasefire capitalism has gained currency.<sup>8</sup> A term coined by Kevin Woods (2011), ceasefire capitalism describes a form of production of capital that relies on a specially constructed political economy that is conducive to state control. Rather than treating the state as the main analytical unit, Woods (2011, p. 748) makes clear that he wants to 'decenter "the state" and "the military"' in his analysis and focus on 'state/military and state-/military-like actors' instead. The process of ceasefire capitalism involves the co-optation of local ethnic armed group elites by offering economic incentives in exchange for a ceasefire agreement. In doing so, the Burmese regime had implemented a 'post-war state territorializing strategy' and achieved a 'military-state centralization' of power through this new administrative mechanism (Woods, 2011, pp. 766-767). Therefore, Woods has developed a schema in which to capture the inside operations of the black

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<sup>7</sup> Aung Din. (2011, June). Partial list of cronies who provide political and financial support for Burma's ruling regime. *Burma Partnership*. Retrieved from <http://www.burmapartnership.org/wp-content/uploads/2011/06/The-Regime-s-Cronies-List-June-27-2011-Final.pdf>.

<sup>8</sup> For a description of how the term ceasefire capitalism has caught the attention of scholars, multi-national corporations, foreign governments, and the military, see Wade, F. (2013, November 29). Ceasefire Capitalism: Why Burma's rebels have every reason to be suspicious of government emissaries talking peace. *Foreign Policy*. Retrieved from <http://foreignpolicy.com/2013/11/29/ceasefire-capitalism/>.

box by linking warlords, development, and local governance in a complex political economy.

However, Woods comes up short in explaining how the co-optation of local strongmen, which in itself is a decentralisation of power, could compliment the objective of military-state centralisation. If Castells could have his say, he would argue that the decentralisation of authority to local ethnic warlords would only serve to further weaken the legitimacy of the central government. Moreover, what does this new governance mechanism entail?

## **1.6 Research Question: How to Maintain Control After Decentralisation?**

Consequently, an important piece of the jigsaw is missing in the conceptualisation of the new political order. If an emerging political complex becomes the new political reality in a contested zone, and ceasefire capitalism is the tool holding the structure together, the political complex still cannot provide the regime with legitimacy and control. There is a missing link between the policy at the macro level, where emerging political complexes are being constructed, and achieving the objective of control at the micro level, where resistance takes place at township and village levels. In other words, there is a need to identify the linkage between the macro and micro levels of power construction as part of the survival strategy. The macro level of power refers to how power, influence, and authority are distributed within the state system, whereas the micro level focuses on how the power, influence, and authority affect individuals (Bell, 1975, 70-90).

Therefore, this dissertation asks: how did the military regime manage to enhance its legitimacy and capacity by decentralising authority but without losing control in the Pa-O Self-Administered Zone (Pa-O SAZ) during the period 1988–2015? The research question attempts to reconcile the paradox between Castells' warning regarding the danger of weakening legitimacy after decentralisation and the claim by Woods that ceasefire capitalism could achieve military-state centralisation.

Furthermore, the research question aims to clarify and contextualise the concept of the emerging political complex advanced by Duffield and Callahan in order to

provide a better understanding of what is taking place inside the new political structure. In this context, the debate between James Scott's (1976) moral economy and Samuel Popkin's (1979) rational peasant will be revisited, and the difference between what Mancur Olson (1993) calls a roving bandit and a stationary bandit will be demonstrated.

Given that the regime does not enjoy the monopoly use of force and there are multiple actors contesting for power and control, the research question inevitably needs to be broken down into several sub-questions in order to address the multi-polar dynamics, the first of which is: how was the area administered before 1988 and what changes have taken place since? The objectives here are to outline the rules of the game, highlight how they have changed over time, and explain their implications, which serves to lay the foundations for the construction of the emerging political complex.

Following the line of enquiry advocated by Kramer, Callahan, and Woods in unpacking the state, the next sub-question asks who the political actors in the Pa-O SAZ are and what their roles are in the emerging political complex. In her assessment of the political contours in the post-ceasefire environment, Callahan (2007) mainly focuses on the ethnic armed groups and political parties; in this regard, insufficient attention is paid to non-armed group political actors. Similarly, in his analysis of Burma's ethnic conflict, Kramer (2010) outlines three ethnic minority organisations: the ethnic armed groups, political parties, and CSOs. However, he does not take into account political activists who are not part of these organisations. Moreover, what about the involvement of foreign organisations? Therefore, the list of relevant political actors appears to be inadequate and in need of updating.

Third, what are the interests and objectives of these political actors? What is holding them together to form the emerging political complex? During this process, patron-client relations will be examined in order to determine if old relations were broken and new ones established. The process of charting their relationship should also help to identify where the cleavages lie, thereby allowing further examination into how resistance was suppressed.



Finally, based on the findings above, how could the new political setting be conducive to state control? Given that the state has decentralised authority and it does not enjoy the monopoly use of force, who is representing the interest of the state at the local level? How is authority being carried out and by what means? Finally, in answering the main research question, how can the delegation of authority help the regime to reclaim legitimacy and capacity without losing control?

The contribution of this research is three-fold. On a statecraft level, it aims to provide the missing link to explain why ceasefire capitalism is more than just warlord accommodation but could contribute towards a grander state-building project. It advances the groundwork of Callahan and Woods in providing an operational mechanism to facilitate control in a decentralised zone. Moreover, this is the first comprehensive use of the state-in-society approach to study how a regime can implement the triangle of accommodation to enhance social control since Migdal's original publication in 1988. On the theoretical level, this investigation inevitably reopens debate on Scott's (1976) moral economy versus Popkin's (1979) rational peasant. Moreover, after reaching a ceasefire agreement, the PNO has effectively become a stationary bandit. The research will help to provide evidence to validate Olson's (1993) claim regarding the difference in behaviour between a roving bandit and a stationary bandit. Finally, on a political transition level, this research can shed light on the political contours under ceasefire capitalism and, from there, project the path of political transition.

The research is based on a case study of the Pa-O Self-Administrated Zone (SAZ) in the Southern Shan State of Myanmar during 1988–2015. In answering these questions, several issues need to be clarified. First of all, what does control mean? Second, why choose Pa-O SAZ as the subject of investigation? Third, what are the justifications for choosing the period 1988–2015?

### **1.6.1 The meaning of control**

In the context of this research, control means the ability to implement administrative practices that resemble a functioning state. A functioning state can be observed from

three perspectives: authority, legitimacy, and capacity (Teskey, Schnell, & Poole, 2012). While capacity and legitimacy are two separate issues, they are nonetheless interdependent. A regime that lacks legitimacy will find it difficult to build state capacity, whereas a lack of capacity could also undermine legitimacy (OECD, 2010).

Authority is defined by Max Weber (1964, p. 324) as ‘the probability that a certain specific command (or all commands) from a given source will be obeyed by a group of persons’. As David Bell (1975, p. 15) notes, authority is often mixed up in everyday language as the same as power and influence; however, although they may overlap in meanings and sometimes can be used interchangeably, they are nonetheless different. For example, while a leader may be powerful, this does not mean that he/she is necessarily influential. Likewise, a leader who has authority may not necessarily have power and influence.

Having authority does not necessarily mean having the legitimacy to that authority. Weber (1964) points out three types of legitimacy that support authority: charismatic, traditional, and rational-legal. Bell (1975, p. 45) adds procedure (how a leader is chosen) and substantive (the quality of the decisions made by the leader) legitimacy to Weber’s inventory. A report by the OECD (2010) has essentially summed up both Weber’s and Bell’s classifications. The report highlights four sources of legitimacy: input (or process) legitimacy, output (or performance) legitimacy, shared beliefs, and international legitimacy. Input legitimacy refers to the compliance with pre-agreed rules and regulations. Democratic countries where leaders are products of universal suffrage are examples of this category. Output legitimacy is concerned with the effectiveness and quality of delivery of public goods and services, or the ‘expected functions’ of a state (Whaites, 2008). For a strong state, such as China, development and economic achievements are sources of legitimacy. However, in a weak state, providing security and some form of law and order could also be a source of legitimacy; in addition, strongmen, such as Muammar Gaddafi of Libya and, arguably, the military rulers in Burma, also fall into this category. Shared belief is more difficult to quantify, as it involves a sense of political community that can be politically and socially constructed. Again, Burma offers a rich source of reference. The negotiations among various ethnic groups that led to the Panglong Conference

and the formation of the Union of Burma show how legitimacy could be politically constructed, but the subsequent breakdown in trust and the call for self-determination demonstrate how socially constructed ethno-nationalism could bring down such legitimacy. Finally, legitimacy can also be achieved by international recognition, although this may not be without controversy.<sup>9</sup>

After eliminating internal and external enemies, a ruler needs to set up administrative structures in order to maintain control over the extraction of resources (Tilly, 1985). While this can be achieved by force, if rulers want to be more resilient against challengers, they need to depersonalise rules into institutions so that raw power can be transformed into ‘regularizing institutions and processes of government’ (Ottaway, 2002, p. 1014). This leads to the question of capability, which can be understood in terms of the state’s capacity to penetrate society, regulate the relationships within it, perform the function of extraction, and make the appropriate attribution as desired (Migdal, 1988).

Therefore, in assessing the ability of the regime to maintain control, reference will be made to the source of authority in the Pa-O SAZ, the legitimacy of the source of authority, and the state capacity to penetrate into the SAZ, regulate it, extract resources from it, and attribute the spoils from the extraction.

### **1.6.2 The rationale for choosing Pa-O SAZ as the focus of research**

There were over thirty ethnic armed groups operating in different regions of Burma at the time the SLORC took control of the country. Some have reached ceasefire agreements with the new regime, some agreed to a ceasefire but renewed fighting, and some have continued fighting to this day (Keenan, 2012b).<sup>10</sup> Since the objective of this research is to find out how the regime managed to retain control and establish legitimacy in a decentralised zone, only those ceasefire groups that have been awarded demarcated areas of their own and have restored some form of order within

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<sup>9</sup> For example, the West regards the Dalai Lama as the leader of the Tibetan government in exile, but China refuses to recognise his status.

<sup>10</sup> For example, the Myanmar National Democratic Alliance Army, the Ta’ang National Liberation Army and the Arakan Army were still fighting with the *Tatmadaw* at the time of writing.

the area under their administration, or ‘co-existence’ (Callahan, 2007), were considered.

Callahan (2007) has pointed out two regions where co-existence was achieved, i.e. the Mon State and the Pa-O area. The Pa-O region was chosen ahead of the Mon State because the Pa-O was involved in the struggle for self-determination right from the beginning, even before the country became independent. Therefore, the transformation from being a state enemy to an ally of the state offers useful insights into the statecraft techniques used by the regime. Indeed, Khin Nyunt, who was the first secretary (Secretary-1) of the SLORC and later became the prime minister in 2003, often used the Pa-O as a successful example of the ceasefire agreement helping to reintegrate the Frontier Area back into the main state (Zaw Oo & Win Min, 2007, p. 28).

The history of the Pa-O can be traced back to well before the Anawrahta Empire, from Pagan, in AD 1057. They are called *Taungthu* by the Bamar, the dominant ethnic group in Burma. *Taungthu* in Burmese means southern people, referring to the Thaton area of lower Burma in the 11<sup>th</sup> century, or what is now the Southern Shan State (Christensen & Sann Kyaw, 2006). The Pa-O is generally considered to be a sub-group of the Karen, who are one of the eight major national ethnic races in Myanmar (Christensen & Sann Kyaw, 2006, p. 3; Hackett, 1953, p. 27).

The Pa-O have always been politically pro-active, even before the country was independent. The Pa-O National Organisation (PNO) was set up in 1947 and played an active role in the Panglong Conference. Self-determination has a deeper meaning to the Pa-O because not only do they feel marginalised by the dominant Bamar race, but they also struggle against the Shan because they are competing with them for land and resources. Like other ethnic groups in Burma, many Pa-O farmers grew opium to subsidise their livelihoods, and the ethnic armed groups relied on taxing the opium farmers to support their fight against the regime.

The early Pa-O nationalist movement suffered a similar fate to many ethnic armed groups, in that their aspirations for self-determination were muddled by the influence of communism, resulting in internal splits and conflicts. Inevitably, the Pa-O nationalist movement was split between the nationalist camp (the PNO) and the communist camp (the Shan State Nationalities People's Liberation Organisation [SNPLO]), which subsequently changed its name to the Pa-Oh National Liberation Organisation (PNLO). Both the PNO and PNLO reached ceasefire agreements with the SLORC in 1991 and 1994 respectively, and since they were the dominant armed groups in the area, the Pa-O area can be considered to have been pacified since 1994. These backgrounds are not unique to the Pa-O, given that other ethnic regions also faced similar challenges, and therefore what factors contributed to the success of the Pa-O region may also be relevant to other areas.

### **1.6.3 The period 1988–2015**

The period 1988–2015 was chosen as the timeframe for this study because it captures the military tenure, which started when the military took power by replacing the Burma Socialist Programme Party (BSPP) with the State Law and Order Restoration Council (SLORC) in 1988, all the way to the general election in 2015, which effectively ended the military regime's governance when the main opposition political party, the NLD, won a landslide victory. The 8888 uprising marked the start of the SLORC, and the NLD victory in 2015 put an end to the military realm, at least as far as the presidency was concerned.

The SLORC seized power on 18 September 1988. Immediately, the new regime abolished the 1974 Constitution and dissolved all the organs of the state under the Constitution, including the *Pyithu Hluttaw* (the upper and lower houses), the Council of Ministers, the Council of People's Justices, and, at regional level, the State/Region, Township, Ward/Village People's Councils (Steinberg, 2001). Senior General Saw Maung became the chairman of the SLORC, and power was concentrated in the hands of the military. He was ousted from office by Senior General Than Shwe on 23 April 1992. In trying to restore some form of government, the Union Solidarity and Development Association (USDA) was formed on 15 September 1993 as the political wing of the military. Essentially, the USDA served

the purpose of diluting the image of military control by trying to function as a ruling political party. Even though the SLORC was replaced by the State Peace and Development Council (SPDC) on 15 November 1997, the country was effectively still being run by the military, and importantly, had no constitution (Network for Democracy and Development, May 2006; Taylor, 2009, pp. 446-447). In 2010, the USDA was disbanded. Its members and assets were transferred to a newly registered political party, the Union Solidarity and Development Party (USDP), which contested and won the general election later that year under U Thein Sein.<sup>11</sup> Therefore, between 1988 and 2015, the state power controlled by the military in Myanmar can be seen as being represented, at various times, by the SLORC, USDA, SPDC, and USDP.

Although it was only a by-election, the 2012 election was significant. It was the first time since 1990 where the NLD was again re-registered as a political party, contested, won, and took up seats in the parliament. However, Callahan (2012, p. 120) is quick to point out that 'there has been no major shift in the characteristics of those who hold top government posts.' Others hold guarded optimism in Myanmar's political transition. Zin and Joseph (2012, pp. 112-113) argue that the participation of Aung San Suu Kyi and the NLD in the 2012 by-election, coupled with a rejuvenation of civil society, opened up political space and opportunities for democrats. Indeed, the International Crisis Group (2012, p. 6) observe that there was a 'new climate of political openness'. However, although the NLD won 43 out of the 44 seats they contested in the 2012 election, the government was still being controlled by the USDP. Therefore, it was not until the 2015 election that power was transferred to a civilian government and the military took a back seat.

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<sup>11</sup> The United Nations questioned the fairness of the election - see MacFarquhar, N. (2010. October 22). U.N. doubts fairness of election in Myanmar. *The New York Times*. Retrieved from <https://www.nytimes.com/2010/10/22/world/asia/22nations.html>. Also see: Western states dismiss Burma's election (2010, November 8). *The BBC*. Retrieved from <http://www.bbc.com/news/world-asia-pacific-11707294>.

## **1.7 Theoretical Framework: State-in-Society and the Struggle for Control**

The objective of a theoretical framework is to define the parameters of the research and, within these parameters, to answer the research question. In general terms, the research question involves examining the state-society relationship in a post-conflict zone. However, the state-society relationship can be analysed from different perspectives. It can be viewed from top-down, therefore treating the state as the focal point, or from bottom-up, thereby treating the people and society as the main focus. In maintaining control of a divided society, how relevant or irrelevant is the state in this process of power construction? This is the meta level of enquiry that asks what the role of the state should be and in what form the state should project itself.

The research question asks how power is being constructed and manifested in the Pa-O SAZ so that the regime can enhance legitimacy and maintain control despite a decentralisation of authority. Following Duffield (1998, 2001) and Callahan's (2003, 2007, 2012) arguments that there are multiple actors in a conflict zone contesting for power and their interactions result in them mutually constituting each other, the research needs to be more empirically focused in order to capture the multilateral dynamics driven by political, economic, and social forces.

The theoretical framework of this research does not use the state as the main analytical unit because it failed on two tests, the first being the normative definition of the state and the second being the role of the state in development. With regard to the definition of the state, the most common perspective views the state as a centralised political organisation that commands a monopoly of the legitimate use of force (Weber, 2004). Yet, the legitimacy of the state is often called into question. In his historical analysis of social power, Michael Mann (1986, p. 11) argues that 'most historic states have not possessed a monopoly of organized military force and many have not even claimed it'. The huge number of ethnic armed forces with their own pockets of domination in Myanmar is testimony to Mann's claim and a rebuff to Weber's definition because, while the state as a country still exists, the government did not enjoy the monopoly use of force.

In the Communist Manifesto, Karl Marx and Friedrich Engels (2016) saw the state in a slightly different light. They believed that the state is nothing but an organisation controlled by a committee under the bourgeoisie with the sole objective of maintaining the dominance of the ruling class. Essentially, Marx and Engels saw the main role of government as securing the production process in order to maintain a capitalist state (S. Clarke, 1991). Afansyev (in S. Clarke, 1991, p. 3) refers to this as the ‘fusion of state and monopoly power’. In a materialistic world, this means exploiting the working class who has very little bargaining power. However, Marxism loses its explanatory usefulness when the state-society relation is not solely based on production but involves other fundamental issues, such as ethnicity and religion. In the case of Myanmar, Marxism cannot satisfactorily explain the desire for self-determination by ethnic minorities, who apart from wanting to avoid economic exploitation, they also demand maintaining their cultures and identities.

A different perspective that may be able to justify the state as an appropriate analytical unit is based on the logic that when society progresses under modernisation, state capacity and legitimacy will be enhanced, non-state armed actors will be made redundant, and finally the state will regain its monopoly use of force (Acemoglu, Robinson, & Santos, 2013). Here, the state is seen as the vanguard of development, driving the modernisation process (Evans, Rueschemeyer, & Skocpol, 1985; Haggard, 1990; Hollifield & Jillson, 2000; Jessop, 1990). Economic development will inevitably bring about the liberation of state power, which will eventually lead to democracy (Moore, 1993; Rostow, 1960; Rueschemeyer, Stephens, & Stephens, 1992).<sup>12</sup> A democratic system of governance is not denying the role of the state, but rather provides it with the justification and legitimacy to rule. As Lipset (1963, p. 41) puts it, ‘all the various aspects of economic development – industrialization, urbanization, wealth and education – are

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<sup>12</sup> Przeworski et al. ((2000) challenge this stance and argue that the higher level of GDP did not necessarily lead to democracy but merely helped to sustain it. By introducing a middle category called ‘partial democracies’, Epstein et al. (2006) were able to show where Przeworski et al. (2000) went wrong and reaffirmed the positive correlation between GDP and democracy.



so closely interrelated as to form one major factor which has the political correlate of democracy.’<sup>13</sup>

The problem of using this line of argument to justify the state as the unit of analysis for this research is that there was very little development in the country both before and after the 8888 uprising. The West imposed economic sanctions on the country after the regime crushed the democracy movement, and the regime had to rely on investments from China in order to make ends meet (Steinberg & Fan, 2012).

Therefore, far from being the vanguard of development, the Myanmar government was more like observing from the backseat – passive rather than proactive.

Moreover, the generals and their cronies were too busy enriching themselves by selling off state assets to show any concern for rural development.

Related to the modernisation school is the argument of the institutional school, which sees the state as an organisation vested with power that is independent from class cleavages. Grounded in the Weberian tradition of social theory, Skocpol (1979) calls this the state-centred approach. This school argues that power is derived from the organisational structure, a point well illustrated by Michael Mann (1986) in his seminal work *The Sources of Social Power*. In this sense, Mann distinguishes political power from coercive power (the military). Political power, which is linked to the state, is based on the development of organisational infrastructures, from which the authority to administrate a given territory is derived (Mann, 1986, pp. 1-33). However, repeated state failures raise questions about the institutional school. Neo-institutionalists admit that institutions may have defects, but they will evolve over time to provide better service for the state (Lecours, 2005). In his comparative study on Asian and Latin American newly industrialised countries, Stephan Haggard (1990, p. 3) claims that ‘the influence of social forces on policy is undeniable, but it is always mediated by institutional settings’. The institutional school was given added impetus when the collapse of the Soviet Union in the late 1980s set the tone for the third wave of democracy. This historical event even allowed Francis

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<sup>13</sup> However, contrary to this argument, China has undergone substantial modernisation in the last two decades, but democracy is nowhere in sight. Moreover, democratic transition is not a one-way street, and many countries have made several transitions back and forth, Thailand is a case in point.

Fukuyama (1992) to claim ‘the end of history’, concluding that democracy under a liberal environment was the best form of governance. This signalled the triumph of liberalism, with the institutional school as its vanguard. The doctrine of the Washington Consensus, which was underwritten by US foreign policy immediately before and after the turn of the 21<sup>st</sup> century, insisted that recipient countries should embrace liberal reforms and strengthen institutions as a pre-requisite for aid. The economic sanctions on Myanmar were also a product of this doctrine. However, in reality, how effective is this policy when the institutions are kidnapped by the ruling class? If the claim by Haggard is correct, the Asian financial crisis should have brought about institutional changes that would have broken down crony capitalism. Yet, in countries that were worst hit by the financial storm, such as Malaysia, Thailand, and Indonesia, the business cronies all survived and fared even better amid institutional reforms. The Sy, Gokongwei, Tan (Lucio), and Cojuangco families of the Philippines, the Chearavanont and Chirathivat families of Thailand, and the Hartono, Widjaja, and Salim families of Indonesia are dynasties that all transitioned smoothly from the Asian financial crisis under different governments. The crony-capitalism index composed by *The Economist* shows that, after Russia, Malaysia and the Philippines occupied second and third positions in May 2016, while Indonesia ranked seventh. In fact, the magazine shows that the wealth generated by crony capitalism as a percentage of GDP increased significantly over the last two decades.<sup>14</sup> Therefore, the neo-institutionalists clearly underplayed the endurance of business elites, who can hijack economic reforms and shape them in such a way as to maintain their dominance.

Indeed, during the period under review, the application of the institutional approach on the regime’s control in Myanmar has clear limitations. To begin with, the country did not even have a constitution until 2008. After nullifying the election result in 1990, the country did not have a general election until 2010. According to the Rule of Law Index published by the World Justice Project, Myanmar ranked 92 out of 102 countries surveyed in 2015, which placed the country only better than Bangladesh

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<sup>14</sup> The party winds down (2016, May 7). *The Economist*. Retrieved from <http://www.economist.com/news/international/21698239-across-world-politically-connected-tycoons-are-feeling-squeeze-party-winds>.

and Bolivia but worse than Sierra Leone and Ethiopia.<sup>15</sup> Indeed, Myanmar was not indexed until 2015, which speaks volumes about law and order in that country before the transition to a civilian government in 2011. At best, the Myanmar government could only say it possessed what Mann describes as coercive power. However, ceasefire capitalism has created a decentralised power structure away from the state to local strongmen. In the ceasefire zones, the military has a very limited presence. State apparatuses are reduced to providing limited services for health and education. In SAZs, such as the Pa-O, there is not even a magistrate court. Therefore, there is a strong absence of the state both in terms of its structure and its functionality.

However, if the state is not the analytical unit, what framework can explain the power dynamics that appear to be dispersed? For a solution to this conundrum, the thesis turns to Joel Migdal and his state-in-society approach.

Migdal (2001) begins by questioning the state-centred approach by challenging its core assumption that the state (or the centre) has a monopoly on the use of violence and superior access to resources. Instead, he argues that ‘we should look at multiple sites to understand domination and change – and at results that [do] not fit any of the parties’ designed policies’ (Migdal, 2001, 10). Migdal suggests that it is the dynamics at these multiple sites, or what he terms arenas, that affect the eventual outcomes, which could be very different from originally anticipated. In these multiple sites, Migdal (2001, p. 11) reminds researchers that they should abandon the burden of state rules and regulations and instead ‘zero in on the conflict-laden interactions of multiple sets of formal and informal guideposts for how to behave that are promoted by different groupings in society.’

Indeed, the state-in-society approach is embedded in Callahan’s work. In examining the country’s political situation, Callahan (2007, pp. 8-9) stresses that ‘to more critically assess the nature of political authority throughout Burma, and more specifically in the ethnically-demarcated states, this study follows Joel Migdal’s conceptual approach’. The state-in-society approach has allowed her to arrive at

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<sup>15</sup> World Justice Project. *The WJP Rule of Law Index*. Retrieved from <http://worldjusticeproject.org/rule-of-law-index>

different outcomes for different arenas, some suffering total devolution, some experiencing military occupation, and some achieving coexistence. Her findings reinforce Migdal's claim about the difficulties of anticipating outcomes due to various local dynamics at work. Therefore, instead of looking for a general theory to explain the different outcomes, the state-in-society approach would suggest that one should try to understand the dynamics at the local level because there is no point looking at the outcomes when they may not even be the original intention. This is particularly true when state power has been franchised to local strongmen in a process of power arbitrage, effectively ending the state's monopoly over the use of violence in the territory concerned (Ahram & King, 2012). Migdal (1988) describes this as the accommodation of embedded societal actors or strongmen by weak states.

Behind Migdal's (1988, p. 22) main argument on state-society relations is the concept of social control, which is 'the successful subordination of people's own inclinations of social behaviour or behaviour sought by other social organisations in favour of the behaviour prescribed by state rules'. Social control can be understood by means of three indicators: compliance, participation, and legitimation. Compliance means getting the population to conform to the demands of the state, by sanctions or force if necessary, while participation is the involvement of the population in meeting state demands. Whereas compliance and participation can be derived from the mindful calculations of individuals in regard to rewards and sanctions, legitimation goes further to indicate the acceptance by the population of the rules of the game under state organisation (Migdal, 1988, pp. 32-33). Therefore, social control involves the successful subordination of people's own inclinations of social behaviour in favour of the behaviour prescribed by state rules (Migdal, 1988, p. 22). Social control is what Mann (1984) refers to as infrastructural power, which involves the organisation and regulation of the population at the societal level.<sup>16</sup> Importantly, enforcing social control facilitates the delivery of positive political goods, which include healthcare, education, infrastructure and economic development. Therefore, social control is a mean to prevent state failure because

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<sup>16</sup> Infrastructural power 'denotes the power of the state to penetrate and centrally co-ordinate the activities of civil society through its own infrastructure' (Mann, 1984, p. 190).

effective social control enhances the capacity of the state to penetrate, regulate, extract, and attribute resources as it desires.

In regard to theoretical development, Migdal has outlined his approach on how to observe state-society relations. The first step begins with understanding the environment of the conflict. It is only through this understanding that the ‘arena’ where the leaders and local resistance collide can be identified. The next step is to examine the mechanisms of social control. Here, Migdal has singled out three levels of control, or what he calls the ‘triangle of accommodation’. At the top level is the accommodation of the central executive leadership. In the case of the military regime in Myanmar, this refers to the generals that made up the SLORC. The second level of accommodation is the leadership in the state agencies. In the context of the post-ceasefire landscape, this relates to the accommodation of the ethnic warlords, or what Duffield and Callahan refer to as ‘the emerging political complex’, and what Woods calls ‘ceasefire capitalism’. The final level is the accommodation of the officials at the local level, or what Migdal (1988) calls the ‘implementers’. Migdal (1988, p.238) notes that the implementers ‘are usually far from the sight of state leaders, often even far from the sight of top personnel in their agencies, and they pose little danger of creating power centers that could threaten the position of state leaders’. However, despite their obscurity, they are crucial in ‘determining whose authority and rules will take hold in region’ (Migdal, 1988, p. 238). The bottom level of accommodation is precisely what the existing literature fails to address and where this dissertation aims to fill the gap in current knowledge.

Local resistance is used by Migdal (2001) to explain why many Third World countries remain weak in terms of capacity despite building up many institutions to support the functioning of the state. However, Migdal never claims that local resistance cannot be overcome. Indeed, he offers the triangle of accommodation as a solution to recapacitate the state through the implementation of social control. What needs to be highlighted here is that just when state capacity is building up, so will the level of resistance. Therefore, the state-in-society approach is not only about predicting the political outcome of the tussle between state and society, but it also places emphasis on the process through which state and society engage with one

another. Hence, Migdal (2001, p. 23) stresses that ‘the state-in-society approach points researchers to the process of interaction of groupings with one another and with those whose actual behaviour they are vying to control or influence [...]. The state continually morphs’.

## **1.8 Analytical Approach: A New Order under Critical Political Economy**

If the theoretical framework relates to the parameters containing the research question, then the analytical approach should light up the signposts that guide the research in finding the answer within that framework. With this in mind, the present thesis turns to the Murdoch school of critical political economy to form the backbone of the analytical approach. The difference between the theoretical framework and the analytical approach is that Migdal is on a higher level of theoretical abstraction, whereas the Murdoch school of critical political economy is an empirically grounded analytical approach used to explain the persistent lack of democratic development in Southeast Asia.

Political economy is concerned with the interactions between political and economic cleavages in a society. When dealing with a post-conflict political and economic landscape, ‘political economy analysis seeks to understand both the political and economic aspects of conflict, and how these combine to affect patterns of power and vulnerability’ (Collinson, 2003, p. 3). Under this approach, the state is no longer treated as an autonomous entity but as represented by agents who have their own agendas and interests. It is through the interactions of these agents, some conciliatory and others confrontational, that the state is shaped.

The Murdoch school refers to a group of scholars in the Asia Research Centre of Murdoch University in Australia working on the political regime trajectory in Southeast Asia. The group includes Richard Robinson and Vedi Hadiz, who focus on Indonesia, Garry Rodan on Singapore, Kevin Hewison on Thailand, Jane Hutchison on the Philippines, and Caroline Hughes on Cambodia, to name but a few. This school views the state in the context of social power relations (Jones, 2014). They have studied the development of democracy in Southeast Asia and found that

powerful local business elites can severely constrain the institutional capacity of the state because of their close ties with the government. Despite Indonesia and the Philippines going through democratic transition after the removal of Suharto and Marcos, the business elites remained influential after the downfall of the regimes. In examining the fall of Suharto after the Asian financial crisis in 1997, Robinson and Hadiz (2004) found that the business elites of Indonesia managed to lean on their structural power in the economy in order to extend their dominance in the political economy, even though the patronage relationship with Suharto was removed. A study carried out by Hutchison on the Philippines also reflects a similar outcome. After Marcos was toppled in 1986, Hutchison (2006) found that the old oligarchs were still able to maintain their power in Congress. Robinson and Hadiz (2004, p. 256) call the new political order ‘oligarchic democracy’, whereas Hutchison (2006, p. 57) goes further to suggest that it should be the norm, as he sees the process as ‘the restoration of elite democracy’.

While acknowledging the existence of state institutions, the Murdoch school believes that the functions of these institutions are being constrained by conflicting social forces, which include ethnic divisions, class status, and religions. Consequently, the political outcomes of these socio-political dynamics are being conditioned by these powerful social forces, whose interest is not liberal reform but to tighten their control over state assets. Their examination of political economy in Southeast Asia consequently led Hewison, Robinson and Rodan (1993, p. 18) to conclude that ‘a particular regime, therefore, cannot be understood separately from the structure of social power and conflict and specific class interests.’ To be sure, the Murdoch school does not see the state and its official institutions as the main analytical units. Instead, attention should turn to the separate power cluster that is formed by a coalition of political and business elites; in this sense, it is their actions that are influencing state decision making and capacity, which, in turn, shape the state. In adopting this analytical approach, this research claims that the political transition in Myanmar will be conditioned by the collusion between political and business elites. Power is not in the hands of the state but instead rests with separate power clusters, whose sole interest is to maintain control over state resources.

The case of political transition in Cambodia provides a good example for explaining why the critical political economy approach is applicable to the case of Myanmar. When Cambodia was transiting from socialism to capitalism in the mid-1980s, state assets were transferred to private companies controlled by political elites who re-emerged in the political scene under the banner of the Cambodian People's Party. In the 1993 election, under the watchful eye of the United Nations, the party won just 38.2% of the vote and was forced to form a coalition government with the Western-backed FUNCINPEC party, which took 45.5% of the vote. However, through control of the country's natural resources and the extensive patronage network with the military, the Cambodian People's Party gradually gained advantage over its main political rivals. In the 1998 election, it retook the lead, with 41.4% compared to the 31.7% picked up by the FUNCINPEC. While still lacking an overall majority, the Cambodian People's Party received 47.3% of vote (FUNCINPEC 20.8%) in the 2003 election. In 2008, the party became the majority political party, with 58.1% of the vote (Hughes, 2003; Jones, 2014). The trend of the Cambodian People's Party dominance is clear, but how did they manage to accomplish this revival when control of the state was removed from them? Their dominance exposes the weakness of both the modernisation and institutional schools because the nexus of power construction was clearly wrestled away from the state to a political economy outside of the state domain.

Juxtaposing the Cambodia experience on Myanmar, the two regimes share many parallels. Before the 2015 election, the military regime of Myanmar had already transferred valuable state assets to the two companies they controlled: The Union of Myanmar Economic Holdings Limited (UMEH) and the Myanmar Economic Corporation (MEC). They have also tried to present a civilian image by forming the USDP as their *de facto* political party, and they have built extensive patron-client networks with local strongmen. Like the Cambodian People's Party, the USDP also suffered defeat in the 2015 election. However, does this signify the end of the military and the USDP in the power constellation of Myanmar?

Despite the NLD election victory in 2015, the actual political and economic reforms that can be carried out by the newly established democratic government are very



limited. On the political front, the 2008 Constitution provides the military with veto powers. Under the provisions in Articles 109(b) and 141(b), the military is automatically given 25% of the seats in the *Pyithu Hluttaw* and the *Amyotha Hluttaw*. However, under Article 436, any changes to the Constitution must have 75% approval. Therefore, any proposed constitutional change that may weaken the power of the military will simply be blocked by the effective veto vote. On the economic front, the military have vested interests in all sectors of the economy. Through the UMEH and MEC, companies set up by the military to look after their own interests, the military have stakes in all the key businesses in the country, ranging from natural resources and tourism to construction and transportation. The Letpadaung copper mine in the Sagaing region is a case in point. The mine is operated by the Chinese company Wanbao Mining, but the UMEH, inevitably, has a stake in the operation. Despite public outcry about the project, and the previous government under U Thein Sein asking Aung San Suu Kyi to investigate, nothing changed and the mine resumed operations on 5 May 2016. Sagaing Chief Minister U Myint Naing was quoted as saying that he could take no action despite the NLD enjoying an overwhelming majority in the regional Hluttaw Council.<sup>17</sup>

The 2008 Constitution and the Letpadaung copper mine highlight two salient points regarding how Migdal's theoretical framework can be applied to the study of regime survival strategy. Referring back to the triangle of accommodation that Migdal has suggested, the 2008 Constitution is top-level accommodation, securing and perpetuating the place of the military in the state in spite of the political transition. The Letpadaung copper mine represents the second level of accommodation, given the patron-client relations formed between business elites and politicians to foster the state priorities of extraction and appropriation. Crucially though, the fact that the copper mine resumed production amid strong local resistance and investigation headed up by the main opposition suggests that strong social control has been achieved. What this means is that the third level of accommodation of the implementer is also working. Yet, the question remains: who are the implementers

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<sup>17</sup> Khin Su Wai. (2016, June 16). Regional authority extracts himself from mining quandary. *The Myanmar Times*. Retrieved from <http://www.mmmtimes.com/index.php/national-news/mandalay-upper-myanmar/20889-regional-authority-extracts-himself-from-mining-quandary.html>.

that did the work for the regime behind the scenes? This leads us back to the main research question of this thesis.

## **1.9 Research Design and Methodology**

In her PhD dissertation examining political resistance in authoritarian Burma, Linnea Beatty (2011, p. 19) expresses difficulties in accessing information because of the lack of reliable official data.<sup>18</sup> This is particularly true when the subject and the area of study, namely the construction of power in the Pa-O region, are extremely under-researched. In terms of literature, there are only three books written in English that talk specifically about Pa-O, the most recent of which is by Russ Christensen and Sann Kyaw (2006), which provides the background to the Pa-O struggle for self-determination. There is also a book published in 1980 by Mika Rolly (1980) on the historical and cultural background of the Pa-O people and an ethnographic study on the Pa-O society by Willion Hackett (1953), published over half a century ago. There are brief mentions of the Pa-O in other books and journals, but they usually do not go into too much detail (e.g. (Callahan, 2007; Kramer, 2010)). While all these studies will be closely examined in the following chapters, there is much to explore and find out.

This thesis turned to grounded theory to form the backbone of the research design. Using the grounded theory approach, the research design was based on a mixture of qualitative and quantitative techniques. Interviews were arranged with the key actors, i.e. government officials, local political parties from both pro- and anti-government camps, political activists, ceasefire armed groups, CSOs and NGOs, and, of course, ordinary Pa-O villagers. To overcome the language problem, a Burmese undergraduate from the City University of Hong Kong was recruited as an interpreter. He also acted as an informant as he used to work part-time for the Kaung Rwai Social Action Network (KRSAN), a Pa-O CSO based in Taunggyi, the capital of Shan State. A second interpreter, who also acted as an informant, was recruited from another CSO. He is a local ethnic Pa-O, and his father held a senior position in the PNO. The need for the second interpreter was because of the need to have

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<sup>18</sup> Beatty (2011) turned to data sources available from Burmese pro-democracy organisations for her quantitative analysis.

someone who could speak ethnic Pa-O, in addition to verifying the accuracy of the first interpreter's interpretation. His connection to the PNO was an added bonus, and therefore interviews with senior members of the PNO and USDP were arranged through him.<sup>19</sup>

The research began by approaching KRSAN for introductions and to propose interviews. By employing a snowball technique, the author was referred to local political parties, ceasefire groups, armed groups, activists, peacekeepers, NGOs, and local villagers for interviews. There was no pre-set number of interviews; in this regard, the number and target of the interviews were guided by the saturation of information. Altogether, 190 interviews (excluding questionnaires) were conducted: 30 politicians from 6 political parties; 9 political activists; 5 ceasefire groups; 15 representatives from 9 CSOs and NGOs; 4 business entities, 120 Pa-O villagers (including 13 village headmen and 7 village tract leaders), 1 politician, 1 religious leader, and 5 government officials, during the period from June 2014 to July 2017. From the interviews, key actors in the Pa-O political economy were identified and their relationships charted.

In addition to taking memos, an audio recording of the interviews was carried out upon receiving consent from the interviewees. A short script was then read out to the interviewees, consisting of an introduction to the person doing the interview, the purpose of the interview, the procedures of the interview, the use of the information, confidentiality, treatment of interview notes and recordings after the information was processed, and checking whether the interviewees had any questions (see Appendix 1: Interview Introduction Brief). To maintain research ethics, all audio recordings, memos, and notes were to be destroyed after completion of the research.

The Pa-O people have been involved in the struggle for self-determination since the country became independent in 1947. However, what does self-determination mean to the Pa-O people now that they have their own SAZ? This is the overarching question that should help to shed light on how the regime maintained control in a

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<sup>19</sup> Apart from out-of-pocket expenses, such as transportation and food, both interpreters offered their services for free, as they were interested in how academic research should be conducted.

decentralised area. Therefore, the interviews focused on six main areas: the main political actors in the SAZ, law and order, justice, development, self-determination, and the recent elections. On the issue of the main political actors, the interviewees were asked to identify who they saw as having influence in the SAZ. On the issue of law and order, questions related to who maintained law and order and how they achieved it. On the issue of justice, the questions focused on how grievances were settled and if justice had been served. Based on what they had experienced, how did they view self-determination? The interviews also aimed to identify how the Pa-O people saw development and what they wanted from development. Finally, the interviewees were also asked about how they viewed the recent election (see Appendix 2: Semi-Structured Interview Question List).

As part of the grounded theory approach, this thesis employed four research strategies to collect information for analysis: conducting semi-structured interviews to identify the relevant issues, setting hypotheses for variance analysis, carrying out a case study to contextualise the results from the quantitative analysis, and performing across-methods triangulation so as to validate the results. Throughout the analysis, references are made to articles from the press, published government data, the government gazette, published laws and regulations, and archived documents. Such secondary sources were intensively scrutinised in order to provide a comprehensive summary of the relevant information in support of this research.

### **1.9.1 Grounded theory**

Since very little is known about the political order in the Pa-O area, a grounded theory approach was adopted to uncover the political networks and determine how power is constructed, administrated, and resisted. According to Birks and Mills (2011), grounded theory has an exploratory aspect that makes it most appropriate when little is known about an area of study. Grounded theory consists of ‘systematic inductive guidelines for collecting and analysing data to build middle-range theoretical frameworks that explain the collected data’ (Charmaz, 2003, pp. 249-250). Essentially, grounded theory does not start an enquiry with a theory and then attempt to prove it, but it is instead a systematic method of collecting and analysing data so as to develop a theory. Very often, the line of enquiry involves an inherent

process that is heuristic in nature, and involves analytical interpretations of initial data that lead to and inform further data collection, eventually contributing towards theory building. Therefore, data collection and analysis are interrelated processes (Corbin & Strauss, 1990, p. 6).

The procedures for a grounded theory investigation comprise several steps: initial coding and categorisation of data, concurrent data collection and analysis, writing memos, theoretical sampling, constant comparative analysis, theoretical sensitivity, intermediate coding, selecting a core category, theoretical saturation, and, finally, theoretical integration (Birks & Mills, 2011; Charmaz, 2003). The main objective of data coding is to define and categorise data for further analysis (Charmaz, 2003, p. 258). The coding process and concurrent data analysis help researchers to gain new perspectives, which may lead to new directions. Writing memos during data collection becomes a written record of the researcher's chain of thought during the enquiry process, or what Clarke (2005, p. 85) describes as 'the intellectual capital in the bank'. Theoretical sampling is required when the properties, conditions, dimensions, or relations between categories require further clarifications. During this process, written memos become the audit trail for theory development. Constant comparative analysis relates to the constant comparison of incidents with other incidents and codes, or codes with codes, codes with categories, and finally categories with categories (Birks & Mills, 2011). This is an important process, during which various dimensions of the grounded theory are being integrated. Theoretical sensitivity consists of two parts: personal and intellectual history. On a personal level, this reflects the researcher's own background in relation to the situation under investigation, very much along the lines of the 'participant objectivation' of Pierre Bourdieu (1977). On the level of intellectual history, this basically relates to a literature review, or the sum of the theoretical knowledge that the researcher has acquired. Intermediate coding follows on from the integration process and refers to a generalisation and abstract description of the data in hand. Identifying a core category will help researchers zoom in on a particular area where they want to develop their theory. The way to identify a core category is by reaching a point where the narratives become repetitive, which is also known as the theoretical

saturation of various properties of the categories. In theoretical integration, the technique of narrating a storyline is often used to present the grounded theory.

There have been heated debates as to how the core categories can emerge from empirical observations without the influence of previous theoretical knowledge. These different views were epitomised by the rift between Glaser and Strauss, the two pioneers of grounded theory, as to what the role of previous theoretical knowledge in the inductive process should be. In *Emergence vs. Forcing*, Glaser (1992) openly accuses Strauss of betraying the common cause of grounded theory. However, the rift in opinion is not as wide as it seems. Both Glaser and Strauss agree that grounded theory is relative to the perspective of the practitioner. That is to say, different investigators using grounded theory as a research method can generate alternative theories from the same observations. Therefore, the grounded theory method can be seen as a form of hermeneutics, while, at the same time, hermeneutics can be used to complement a grounded theory analysis (Rennie, 2000, p. 494).

Consequently, with the application of grounded theory extended from psychology and healthcare research to other social science disciplines, it has been generally accepted by scholars that, as long as the core categories emerge from the empirical data, then the development of these categories with theoretical preconceptions are still regarded as sufficiently grounded from observations (Kelle, 2007; Rennie, 2000). Indeed, Chalmers (2013) argues that scientific observations are always laden with theories. Therefore, to claim that a researcher can somehow free oneself from theoretical preconceptions is 'naïve inductivism' (Kelle, 2007, p. 197). Moreover, Rennie and Fergus (2006, p. 496) suggest that embodied experience can enhance the quality of category generation because it is consistent with the constant comparative procedure of the grounded theory method.

Therefore, it needs to be stressed that, although a theoretical framework has been introduced in the initial part of this thesis, readers are reminded that the conception of the state-in-society approach was informed by the earlier empirical observations gained during the author's experience in the 1990s.

A common criticism of grounded theory is the lack of objectivity in the data collection process (Thomas & James, 2006). No qualitative methodology can escape this criticism. However, this shortfall can be overcome by using the constant comparative procedure of Birks and Mills (2011) in order to improve the checks and balances. The constant comparative process also allows researchers to identify inconsistencies during the interviews, and therefore researchers will be able to clarify the data with further questions.

### **1.9.2 Semi-structured interviews**

Semi-structured interviews are one of the most commonly used qualitative techniques in trying to extract information from participants. In such interviews, questions are constructed in such a way that the interview is thematic and topic-oriented. In so doing, the researcher can avoid wandering into unrelated topics and ensure the relevance of the interview (Edwards & Holland, 2013). The purpose of the interview is three-fold. First, it represents first-hand information on a subject, which can be about the personal experience of the informant, details about an organisation, or descriptions of an event. Second, it provides an opportunity to verify information obtained from different sources, and, in the case of contrasting accounts, interviews expand the spectrum and perspective of the underlying story. Last but not least, it is useful in generating more referrals for interviews.

There are two issues relating to semi-structured interviews for this research, the first of which is concerned with the number of interviews and the second relates to protecting the identity of the interviewees. The number of interviews was restricted by the accessibility of the population. Many Pa-O villages are located in remote hillside areas, which are not supported by tarmac roads, and thus accessibility was an issue. Moreover, there are strict rules regarding overnight stays at a village, which may raise ethical concerns about maintaining the confidentiality of informants. Therefore, the research is not a large-N study. Whilst the benefit of a large-N sample is that the result may have better external validity, a small-N study can achieve better internal validity and measurement validity. Another implication of using a small-N study is that too much generalisation may not be able to be drawn from the findings;

however, the findings can form the basis of a causal inference for future studies, when a big-N sample is available.

Confidentiality relating to the identities of the interviewees was of paramount concern in this research. Therefore, their names, as well as the time and place of the interview, are not disclosed in this thesis. Moreover, all the notes and audio recordings are to be destroyed after the thesis completion.

### **1.9.3 Analysis of variance and post-hoc testing**

The grounded theory approach does not begin with theory, but instead relies on other investigative techniques, such as interviews and observations, to generate hypotheses for theory building. From the semi-structured interviews, this research constructed several hypotheses relating to the conduit of control in the SAZ that need to be tested by way of variance analysis (ANOVA). Variance analysis is the study of the differences in the means of groups of samples. By using various statistical models, depending on the subjects of study, ANOVA sets out to determine if there is a statistically significant difference in the sample means.

This research collected data from three independent groups and aimed to establish if there was a significant difference in the means of each group. Therefore, a one-way ANOVA test using SPSS software was used to test the null hypotheses.

While a one-way ANOVA can confirm whether there is a difference in the means, it cannot establish which group caused the difference. Hence, a post-hoc test was carried out. For the purpose of this research, Fisher's Least Significant Difference (LSD) was chosen to determine which group caused the difference.

### **1.9.4 Case study**

As a research methodology, case studies are one of the most commonly used techniques to find out what can be learned from a single case (Stake, 2003). In a case study, attention needs to be drawn to the nature of the case, its background, the physical setting, the contexts of the setting in terms of economic, political, social, or



other relevant issues, other similar cases, and the informants through whom the case is known (Stake, 2003, pp. 139-140).

However, this technique is often criticised as being overly subjective and vulnerable to misinterpretation. To overcome this perceived lack of objectivity, this research utilised triangulation, thick description, and comparison to improve the quality of the case presented. In this context, triangulation is ‘a process of using multiple perceptions to clarify meaning, verifying the repeatability of an observation or interpretation’ (Stake, 2003, p. 148).<sup>20</sup> For example, when an informant mentioned a case in which a villager was murdered because he was involved in a land dispute claim, the triangulation verification that followed involved checking with public media, such as national and local newspaper reports, on the murder, the existence of any legal documents relating to the claim, and, in the absence of such independent evidence, cross-checking with other informants. Other methods that can help to mitigate misrepresentation error is by showing the draft of the interview transcript to the informant for verification (Glesne & Peshkin, 1992; Lincoln & Guba, 1985).

On the other hand, thick description refers to providing as much detail about the case as possible so that readers are informed about the backgrounds and can form their own interpretations (Geertz, 1973). This can be used in conjunction with comparing against other cases so as to guide readers about possible areas of difference (Stake, 2003). The advantage of using both thick description and comparison as techniques to overcome the shortcomings of subjectivity in a case study approach is to provide the readers with as much information as possible, but without losing the focus and direction of the enquiry.

### **1.9.5 Triangulation**

Triangulation relates to the use of mixed data or methods to substantiate a viewpoint. The argument for using triangulation is to overcome the dependency on a single method and therefore reduce the chance of bias and enhance the validity of the findings. As Denzin (1970) claims, ‘no single method is always superior. Each has

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<sup>20</sup> Triangulation as a methodology sometimes refers to the application of mixed methods. This aspect of triangulation will be discussed in the next section.

its own special strengths and weaknesses. It is time for sociologists to recognise this fact and to move on to a position that permits them to approach their problems with all relevant and appropriate methods, to the strategy of methodological triangulation' (Denzin, 1970, 471).

There are two types of triangulation, both of which serve to provide cross-checking of an event in order to enhance its validity. Within-method triangulation is the application of various strategies within one method, such as using different scales to measure an empirical case. Across-method triangulation is the use of different methods to quantify or contextualise the same empirical case (Blaikie, 1991). This dissertation employs both within-method and across-method triangulation to enhance the validity of its finding.

## **1.10 Organisation of the Thesis**

The thesis follows the analytical scheme outlined by Migdal in his 1988's book: *Strong Societies and Weak States – State-Society Relations and State Capabilities in the Third World*. Although in 1994 the state-in-society approach was taken up by ten scholars in the edited book *State power and Social Forces*, and Migdal again picked up the concept in 2001 in his book *State in Society*, it is in the 1988 publication that contains the full analytical procedures.

Accordingly, the search for answers to the research question of how the regime managed to maintain control after decentralisation begins in Chapter 2. This is the first step of the state-in-society approach as suggested by Migdal, i.e. to provide the background of the conflict. In this chapter, the nature of the state-society relation is discussed with regard to four dimensions. The first dimension focuses on the background of the ethnic struggle for self-determination and explains why this remains important and relevant in the current political climate. The second dimension relates to regime survival, wherein the predicaments faced by a regime that has limited legitimacy are outlined and its average life-expectancy is discussed. This serves to highlight that the Myanmar regime has outlived the average expectation, an indication that the regime has achieved the accommodation of top

leadership, as suggested in Migdal's triangle of accommodation. The third dimension dwells on warlord politics, in which the strategy of warlord accommodation, or the second level of the triangle of accommodation, is discussed. This accommodation strategy would inevitably result in changes to patron-client relations at the local level. Mindful that Migdal has stressed the need to understand the state-society relation in the arena where suppression and resistance took place, and since the last two sections examine the suppression coming from above, the last section therefore examines the resistance brought about by development at the local level. As the majority of Pa-O are farmers, this section examines resistance by means of a debate on the demand for subsistence ethics under a moral economy, as against trade-off calculations by rational peasants.

With the background of the struggle explained, Chapter 3 examines the administrative system in Shan State and aims to answer the first of the sub-questions relating to how the state was being administered. The chapter outlines historical governmental strategies and policies in frontier management and explains how they have evolved over time. The objective of this investigation is to identify the structure and capacity of the local system, or what Migdal refers to as social control, and expose the components that could be exploited by the military regime in their own social control management, in other words, the statecraft strategy.

Following the examination of the administrative system, the main political actors in the Pa-O SAZ are identified in Chapter 4. This is an important step in the state-in-society approach as it aims to identify the key players in the Pa-O arena. The list of political actors is expanded from the three groups listed by Kramer (i.e. armed groups, political parties, and CSOs) to include others, such as political activists. In this new frontier, or what Duffield and Callahan refer to as the emerging political complex, old actors evolved and new actors emerged, and therefore their origins and agendas need to be clarified.

The mechanism of social control is the subject of investigation in Chapters 5 and 6. In Chapter 5, the relationships between these political actors are charted under a political economy precipitated from ceasefire capitalism. This is the application of

the analytical approach influenced by the Murdoch school of critical political economy, representing the second level of Migdal's triangle of accommodation. In essence, this section aims to explain the dynamics of ceasefire capitalism in the context of political economy, in addition to how these dynamics are being confronted by resistance. How can the success of ceasefire capitalism be assessed? The 2015 general election provides the benchmark for assessment. The PNO was the only pro-regime ethnic political party that retained all of their seats in the 2015 election. Despite this, there were many social issues unaddressed under the PNO, so how did they manage the task when faced with strong local resistance in an election that was generally regarded as being open and fair? This boils down to how they could control the villagers, or what Migdal refers to as the social control mechanism.

Accordingly, the means of control is examined in Chapter 6. Drawing from extensive interviews, the PNO may have won the election on merit because they have been delivering social infrastructure that has improved the livelihoods of Pa-O villagers. However, the interviews also reveal that there was rampant land grabbing and corruption that led to the degradation of the environment, which affected tens of thousands of villagers. Moreover, it has been revealed that the village tract leaders (VTLs) have a lot of say as to which village could get what. Therefore, the means of control and how it is being manifested at the local level is investigated in this chapter. This is the construction of the third level of the triangle of accommodation and the identification of what Migdal calls the implementer. In essence, this chapter identifies the missing piece of the jigsaw in the current literature on Myanmar statecraft and answers the research question.

Based on the findings, Chapter 7 tests the argument by outlining the hypotheses of how control was achieved. These hypotheses are then put to the test by using one-way ANOVA. The results are then put into context through a case study of the Tigyit coal and power project in Pinlaung Township in the Pa-O SAZ. In the concluding chapter, key findings from this research are summarised and discussed and their implications are delineated.

## **Chapter Two:**

### **The Nature of the State-Society Relations**

In applying the state-in-society theoretical framework, Migdal (1988, p. 261) has stressed that ‘the starting point for analysis is the environment of conflict’.

Accordingly, the nature of the state-society relations in Myanmar and the cause of conflict will be examined in this chapter from four dimensions. The aim is not to find the answers to the research question within these four dimensions but to explain the research question further in order to be informed about the areas in need of further investigation.

The first dimension examines the basis of self-determination in Burma. Without comprehending the background of the ethnic struggle, it is impossible to understand why a state-centric approach to unify the country is doomed to failure. The examination focuses on the country’s colonial history, the events leading up to the Panglong Conference in 1947, and its aftermath. In particular, this section aims to locate the Pa-O in terms of their struggle for self-determination and explain their relationships with the Karens, of whom the Pa-O is a sub-group, and with their immediate neighbour, the Shan. These historical events help to capture the dynamics of the ethnic struggle not just from the perspective of nationalism but also from the driving force of uneven and deficient development. More importantly, this background helps to shed light on the social structure, which is a prerequisite for assessing state capabilities (Migdal, 1988, p. 33).

The second dimension examines the state-society relations from the perspective of regime survival. There are different types of non-democratic regimes, a military regime being just one of them. Therefore, what are the challenges that are unique to a military regime? The objective here is to highlight the predicament faced by the military regime in Myanmar and examine how they have overcome such difficulties. Although it is not the central theme of this thesis, it is necessary to understand how the military pacify their own ranks in the first level of the triangle of accommodation.

The third dimension looks at the state-society relations from the perspective of the ethnic leaders. Although these ethnic leaders started their struggle against the central authority on the moral high ground of self-determination, they invariably became involved in financial racketeering, which turned their behaviour into that more akin to the warlords. Therefore, this section focuses on warlord politics and examines if there is a normative role for a warlord in a state. Abandoning the concept of the monopoly use of force by a state, attention is turned to the outsourcing of violence to local warlords. Warlords are economic opportunists, and this virtue makes them culpable to co-optation, or what is known as the second level of accommodation in the triangle of accommodation in Migdal's regime survival strategy.

However, why can some warlords be incorporated into the state while some cannot, or, in Callahan's terms, why do some areas suffer total devolution as war continues while others manage to coexist? To understand the dynamics involved requires knowledge about the space where these forces collide. This space is ground zero, the arena where different dynamics are played out. Yet, the concept of space seems to have been mostly overlooked by warlord politics scholars, who have simply treated the space of overlapping authorities as the margins where state power ends. Terms like boundaries and frontiers are used loosely. However, there is a clear functional difference between a boundary and a frontier, which, in turn, leads to different political outcomes. Therefore, an added objective of this section is to make a case for the difference, thereby adding a much-needed aspect to the terrain where warlords operate.

Finally, the fourth dimension of the state-society relation approaches the dynamic from the other side of the power spectrum, i.e. viewing the conflict through the lens of the powerless Pa-O villagers under a suppressive regime. Traditional patron-client relations in the rural areas have inevitably been altered under the strategy of warlord accommodation. As new sets of rules are being imposed, what would persuade the villagers to conform and comply, and what would cause them to revolt? Since most Pa-O are farmers, this section revisits the debate between Scott and Popkin on moral economy and rational choice. This debate has significant implications for understanding the source of local resentment, thereby helping the research to locate

the final piece of the triangle of accommodation and shed light on the identification of the implementer as the nexus of power at the local level.

## **2.1 Background to the Ethnic Struggle**

The struggle for self-determination by the ethnic minorities in Burma can be traced back to the collapse of the Konbaung Dynasty (1752–1885). The destruction of the traditional patron-client relationship established between the royal court in Mandalay and ethnic minorities prompted the quest for more autonomy from the latter.

However, subsequent events further fuelled this determination. During the British occupation, the deliberate separation of the Frontier Areas from Burma Proper under the divide-and-rule strategy prevented any chance of integration. Moreover, during the Second World War, Aung San initially aligned with the invading Japanese, while many ethnic minorities were fighting for the British. The fighting between the two sides further bred hatred and mistrust. However, this is just the tip of the iceberg, and there are more issues that need to be revealed. The revelations begin with the British occupation era.

### **2.1.1 A brief colonial history and the segregation of the Frontier Areas**

The British conquest of Burma was spread over three stages. The First Anglo-Burmese War of 1824–26 resulted in the secession of Tenasserim, Arakan, Manipur, and Assam provinces to Britain. The Second Anglo-Burmese War of 1852–53 ended with the seizure of Pegu province, effectively making whatever was left of Burma a land-locked state. The Third Anglo-Burmese War of 1885–86 resulted in the British army taking control of the capital, Mandalay, and thus the annexation of Burma under Britain was complete.

The colonial governance left behind two unwarranted legacies that contributed to the subsequent ethnic struggles after independence. First was the alienation of the Frontier Areas (also known as the Scheduled or Excluded Areas) from Ministerial Burma (Burma Proper).<sup>21</sup> Given that British imperialism was driven by economic

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<sup>21</sup> The Frontier Areas comprised the Shan States, Chin Hills, and Kachin.

greed, colonial governance and the degree of direct control varied in accordance with the potential of economic returns. Thus, the topology of the country determined how colonial rules were implemented. Such an arrangement meant that the Frontier Areas were left alone, and, consequently, their exposure to colonial reform was limited. This resulted in preventing the development of a collective identity with Burma Proper. Second, colonial governance oversaw the destruction of the social fabric in rural areas. After the First Anglo-Burmese War, the British immediately abolished the hereditary status of township headmen (*myo-thu-gyi*) in order to assert their own authority. In the Pegu province after the Second Anglo-Burmese War, the British approached the Mon and Karen for help to govern, but these ethnic ‘leaders’ simply did not have the necessary legitimacy or knowledge to communicate effectively with the locals. These new officials, although still carrying the title of *Myo-thu-gyi*, never performed the socio-cultural and administrative functions of their predecessors. They arrived on time to collect taxes, but they never showed up at local festivities where social bonding could be fostered (Aung-Thwin & Aung-Thwin, 2012, p. 186). Consequently, sporadic township and village leaders formed resistance groups to challenge the colonial rule. When King Thibaw and his royal court were exiled to India after the end of the Third Anglo-Burmese War in 1886, the traditional patronage system of the kingdom collapsed. Seizing the void in traditional authority, the entire Upper Burma revolted. Suffice to say that the seeds of Kachin, Chin, Shan, Mon, and Karen separatism can be traced back to this period (Aung-Thwin & Aung-Thwin, 2012; Aye, 2009; Smith, 1999).

By the turn of the twentieth century, the British had largely put down the rebellion in Upper Burma and began their project of pacification, or rather a lack of one. In this regard, a distinctive feature of British colonial rule in Burma was the limited attempt to integrate the Frontier Areas with Burma Proper. A basic parliamentary system with a limited form of democracy was introduced for Ministerial Burma. In contrast, authority in the Frontier Areas was left with the hereditary rulers and chiefs. Although the Village Act was introduced in 1887 to break down the traditional township configurations, the purpose of the legislation was merely to sever the traditional patron-client relationship between the villagers and the *myo-thu-gyis*; in this sense, it did not aim to remove the hereditary power of the local chieftains, on



whom the British still relied (Aung-Thwin & Aung-Thwin, 2012, p. 199; Smith, 1999, pp. 42-43).<sup>22</sup>

Just as colonisation by Britain altered the traditional balance of the political and social structure of Burma, the Japanese invasion in 1942 created an opportunity for different groups with diverse interests to challenge the power dynamics created by the British, which hardly had the time to consolidate. Back in early 1930s, the Saya San rebellion had already ignited the Burmese appetite for the recreation of the Burmese identity. Led by an influential leader by the name of Aung Sang, the Burmese Independence Army (BIA) began to take shape. These new challengers were initially anti-British, which was the reason why the Japanese were interested in recruiting and training them to be a combative force (Aung San, 1946; Maung, 1989). They picked up arms under the banner of nationalism to fight for an independent Burma. At first, they aligned themselves with the invading Japanese army in the hope that they would give them independence. This further deepened the rift and mistrust with ethnic minorities, who joined the British Burma Army instead. In fact, the Japanese invasion did not help to galvanise the unity of the people in Burma; instead, it strengthened the demand for self-determination by the ethnic minorities. The Japanese atrocity in Rangoon deeply disturbed the ranks of the BIA. Aung San realised that Burma would not have independence under the Japanese, and he therefore negotiated with the British and switched sides. After the defeat of the Japanese, Aung San formed the Anti-Fascist People's Freedom League (AFPFL) in 1945 and began negotiations with the British for independence.

By the time the British left, the newly formed Republic of the Union of Burma, while still mourning the death of its founding father Aung San, did not resemble a country that had aspirations for unity. Consequently, subsequent attempts to assimilate the Frontier Areas into the new Union under a loosely constructed British-styled

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<sup>22</sup> In a letter from Lord Dufferin to Viscount Cross, the Secretary of State for India in London, Lord Dufferin, explained the strategy: 'The Shans, Kachins and other mountain tribes live under the rule of hereditary Chiefs, whose authority is generally sufficient to preserve order amongst them. [...] If we secure the allegiance of these rulers, we obtain as far as can be foreseen most of what we require and all the premonitory symptoms give us reason to hope that this will not be a difficult task.' – 'Letter from the Government of India to the Sec. Of State', Simla, 19 Oct. 1886, No. 52, Public, India Office Records, in Smith (1999, p. 41).

parliamentary democracy immediately spelled disaster.

An important point to note from this brief description of colonial rule is the role of the township headmen (*myo-thu-gyi*). It is clear that the British saw the importance of the role played by the headmen; otherwise, they would not have replaced them with their own people and risked resistance, which materialised. Therefore, the role of the headmen, as well as their power and influence over the villagers, needs to be investigated further in subsequent chapters.

### **2.1.2 The basis of self-determination**

The basis of the right to self-determination in the Shan States can be traced back to a scheme devised by the Lieutenant-Governor of Burma, Sir Reginald Craddock, in 1920. Craddock proposed the formation of the Federated Shan States under northern and southern *sawbwas* (later known as the Craddock Scheme).<sup>23</sup> Essentially, the *sawbwas* were told that the formation of the Federated Shan States would free them from intervention by the legislative council under a new administrative structure that would take place in the country. The scheme was accepted by the Shan *sawbwas* on four conditions (Kyaw Win, Mya Han, & Thein Hlaing, 1999a, pp. 21-23). First, the Union government would not interfere with affairs in the Shan States. Second, the ancient rights, customs, religions, and privileges of the Shan people would remain unchanged. Third, the conditions of integration should be more or less on the same lines as proposed between Indian States and British India in India. Lastly, the hereditary rights of the *sawbwas* should be acknowledged and guaranteed by the British government (Kyaw Win et al., 1999a, pp. 31-32).

Indeed, there was ample evidence to suggest that the British wanted to keep the Frontier Areas separate from Burma Proper. The Burma Act of 1935 reiterated the separate treatment of the Excluded Areas, which included the Shan States. The white paper of May 1945 removed any illusion on full integration by clearly stating that:

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<sup>23</sup> *Sawbwa*, or *saohpa* in Shan, is a Burmese word that translates directly to mean the ‘lord of heaven’. *Sawbwas* were the rulers of Shan States, and their positions were hereditary.

*[the] administration of the Scheduled Areas that is the Shan States and the tribal areas in the mountainous fringes of the country, inhabited by peoples differing in language, social customs and degree of political development from the Burmans inhabiting the central areas, would for the time being be subjected to a special regime under the Governor until such time as their inhabitants signify their desire or some suitable form of amalgamation of their territories with Burma proper* (Kyaw Win et al., 1999a, p. 107).

The white paper sent a clear signal to the Bamars that if the British had their way, an independent Burma would be without the Frontier Areas (see also Aung-Thwin & Aung-Thwin, 2012, pp. 235-237).

It is important to stress that while the Shan *sawbwas* were adamant that they wanted self-determination, they maintained they would rather be an independent state governed by the British king if they were to be similarly denied self-determination in a Union of Burma under the Bamars. This point did not merely serve the self-interest of the *sawbwas*: in fact, many Shan youths shared the same values of self-determination. In 1938, the ‘Alin Yaung’ (meaning ‘light’) Reading Club was formed by two Shan youths, U Tin E and U Ba Maung at Yawngnhe (near Heho). Soon, the club spread to Taunggyi, Kalaw, Pindaya, Hopong, Loilem, Panglong, Mongnai, and Inle. At the club, the Shan youths became exposed to the anti-feudal and anti-imperialist movements across the world, and they were inspired to follow the global trend (Kyaw Win et al., 1999a, p. 120).

The rift between the demands of the Bamars and ethnic minorities was not any closer to being reconciled under the British divide-and-rule strategy. The onset of the Second World War temporally overshadowed the urgency of resolving this matter. However, the Japanese invasion did not bring unity to the people of Burma; on the contrary, the rift deepened between the ethnics who were fighting for the British and the BIA, under Aung San, who were fighting for the Japanese in the initial war years. National reconciliation only began to take shape after the war, when Aung San orchestrated the Panglong Conference.

### 2.1.3 The Panglong Conference, 1947

After the war, the issue of the future of Burma immediately returned to the forefront. The white paper of May 1945 clearly states that it was not the intention of the British to grant the Frontier Areas self-determination because it was backward. The AFPFL realised that, in order to gain independence for the whole country, national solidarity must be achieved. Therefore, the AFPFL was reorganised in August 1945 to incorporate other political parties, arguing that an independent Burma would uphold the utmost value of self-determination. In a statement issued in October 1945, the AFPFL announced that

*[the] Supreme Council (of AFPFL) regrets that the Hill Areas have been excluded from the administration of Burma. It is undeniable that the people of Burma more than other peoples desire the welfare and progress of the Hill peoples. It has frequently been said that the Hill peoples would be kept separate from Burma until they wish to join it of their own free will, and how can they express their wishes without being given democratic rights? It is proper and natural that these rights should be extended to the Excluded Areas* (Kyaw Win et al., 1999a, p. 112).

This message to the ethnic minorities in the Frontier Areas was important because it laid a foundation of trust that was based on equal terms.

The AFPFL followed up its drive for independence by holding a national congress in Rangoon in January 1946. Altogether, 18 resolutions were passed. Resolution No. 6 stated that minorities would be given the freedom to worship, of cultural autonomy, equal economic opportunities, and most importantly, the right of self-determination, which meant that joining the Union with Burma Proper would be on a voluntary basis. Furthermore, Resolution No. 7 rejected the white paper of 1945 in treating the Frontier Areas separately. Instead, it claimed that the decision as to whether to join Burma Proper should be a matter for the leaders of the Frontier Areas and Burma Proper and not the British government. There was an extensive group of Shan representatives at the AFPFL conference, and they expressed that they could work

with the AFPFL on the basis stipulated under Resolutions 6 and 7 (Kyaw Win et al., 1999a, pp. 115-116).

After attending the AFPFL conference, the Shan youth leaders formed the first political organisation in the Shan States, the Shan States Freedom League (SSFL), to spearhead their own push for self-determination. In addition to getting rid of colonial rule, the SSFL also demanded the abolishment of the *sawbwa* feudal system, and only on this basis would they agree to join the Union with Burma Proper on a federal configuration that ensured self-governance for the whole of the Shan States, one that would provide them with equal status, rights, and opportunities with Burma Proper. Moreover, they called for the right to secede at any time (Kyaw Win et al., 1999a, pp. 122-123).

With consensus accumulating, the first Panglong Conference sponsored by Shan *sawbwas* was held from 26–28 March 1946. Representatives from Kachin, Chin, and Karen were also present at the conference. The conference polarised the differences between the Shan *sawbwas* and the SSFL and prompted the *sawbwas* to form the Shan States Saohpas' Council (SSSC) to represent their interests. Realising that they may be forced to concede their hereditary power, they issued a statement on 27 November 1946 spelling out that 'the Shan States should for the time being remain in Frontier Areas Administration under the present framework' (Kyaw Win et al., 1999a, p. 140). This statement upset Aung San's plan, who was hoping to bring a clear mandate from the SSSC and SSFL with him to London in order to press for independence with the British government.

The mutual mistrust between the SSSC and SSFL remained a thorny issue during Aung San's negotiations with the British. Aung San believed that the only way to break the deadlock was for the British government to send a delegation to meet directly with the Frontier leaders. Answering the plea from Aung San, the Under-Secretary of State for Dominion Affairs, Arthur Bottomley, held talks with representatives from the Frontier Areas in January 1947 to clarify two points: first, the British wanted to see the unification of the Frontier Areas with Burma Proper, and second, the assurance from the AFPFL that the Frontier Areas would enjoy full

autonomy and the right of secession. Feeling the pressure from the British, the SSSC softened its stance and proposed a political settlement that would allow equal representation from people's representatives.

This proved to be the turning point. In a meeting on 6 February, the *sawbwas*, together with Shan and Kachin representatives, agreed to join Burma Proper on six conditions: equal footings (i.e. status, rights, and privileges), representations in the Executive Council, a separate Kachin State, revoking the terms of agreement between the Aung San delegates and the British government, and, finally, the right to secede.

It is important to note that the Karens did not participate in the Panglong Conference. They held a separate conference (the Kayin Congress, 5–7 February 1947) in Yangon and formed the Karen National Union (KNU). The KNU had a specific mandate not to participate in any organisation that was set up by the Shans, Kachins, and Chins because they intended to form a separate Kayin State, which included the Tenasserim Division (Kyaw Win et al., 1999a, pp. 195-196). Instead, they sent four representatives to Panglong as observers, one of whom was U Hla Pe, an ethnic Pa-O from Thaton.

The Panglong Agreement was signed on 12 February 1947 by the Shan *sawbwas*, representatives from the Kachin and Chin Committees, and Aung San on behalf of the Burmese Government. Whilst the Panglong Agreement has always been regarded as the foundation of the Union of Burma, it was the subsequent meetings of the Frontier Areas Committee of Enquiry (FACE) that laid down the blueprint for the 1947 Constitution. Indeed, throughout the negotiations prior to the Panglong Conference, the right to secede was the bedrock for convincing the ethnic minorities to join Burma Proper, without knowing how a federated state would eventually work out. However, close scrutiny of the Panglong Agreement would reveal that the right to opt out of the Union was not included as a clause. To a certain extent, this reflected the trust the ethnic minorities placed on Aung San and served to explain why, after his assassination, the bond immediately broke down. It was during these FACE meetings that the right of secession for the Shan, Kachin, and Chin was

reaffirmed.<sup>24</sup> Although Aung San was assassinated on 19 July 1947, the right to secede from the Union after ten years of independence was embodied in the 1947 Constitution under Chapter XII.

#### **2.1.4 Karen: the outstanding issue**

At the time of the second Panglong Conference, the Karen were holding their own congress in Yangon. It is important to examine the situation of the Karen further because, in terms of ethnicity, the Pa-O was considered to be a sub-group of the Karen. Indeed, the Karen sent U Hla Pe, an ethnic Pa-O, to attend the first Panglong Conference on their behalf, which strongly indicated their links. Therefore, the aspiration for self-determination of the Pa-O was very much tied with those of the Karen.

The Karen Congress was attended by over 700 delegates from across the country. Although it was overshadowed by the Panglong Conference, it carried significant importance on two counts. First, the Karen National Union (KNU) was formed. Second, it spelled out disapproval for the arrangement between Aung San and the British government because of inadequate representations in the future government, which led to a demand for a separate Kayin State.<sup>25</sup> The British were reluctant but also unable to meet the demands of the KNU, and therefore the ball was passed back to Aung San. One of the obstacles was the spread of the Karen population. A note from the Deputy Under-Secretary of State for Burma to the British Prime Minister underlined the problem:

*The Karen problem is far from simple: probably the majority of the Karens are in the Plains and many of them in the Delta. It is exceedingly unlikely that if they were asked to exchange their holdings there for holdings to the East of the Sittang or in Tenasserim they would not be prepared to do so and they are well established in Ministerial Burma* (Kyaw Win, Mya Han, & Thein Hlaing, 1999b, p. 4).

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<sup>24</sup> Memorandums of meetings with various ethnic representatives dated 15-17 April 1947 (Kyaw Win et al., 1999a, pp. 221-236).

<sup>25</sup> The demands were communicated to the British Prime Minister in a letter dated 3 March 1947.

To resolve the impasse, Aung San offered two alternatives to the KNU, the first of which was to combine the Papun District to form the Kayah State as a part of the Union of Burma, but on the condition that they would forgo their rights as minority people if the Kayin population in Burma Proper fell below 10% of Burma's total population. If a separate Kayin State could not be formed, then the other alternative was to have Papun District as a Special District, and a Kayin Affairs Council would be formed to provide advice on Kayin affairs.

It is important to examine the implications of the proposal by Aung San. The proposal itself did not provide much of a choice. The option for a separate Kayin State only applied to those residing in the proposed state, and since the Karen population was widespread, those who lived in the plain would not benefit from the proposal. This strategy effectively pushed the consensus towards the formation of a Kayin Affairs Council, which theoretically should benefit all Karens. On 17 September 1947, the KNU formally declared that they would agree to form a Kayin Affairs Council. Despite this, there were leaders among the KNU, noticeably the General Secretary of KNU Thra Tha Hto, who opposed the decision (Kyaw Win et al., 1999b, p. 49). This laid the foundation for the future struggle for self-determination. Indeed, the KNU was the first ethnic group to revolt against the Union of Burma in 1949 shortly after independence.

### **2.1.5 The problems faced by the country leading up to the 8888 uprising**

After the assassination of Aung San on 19 July 1947, Deputy Prime Minister U Nu picked up the pieces and led the country to independence on 4 January 1948. However, the new nation immediately faced challenges from the communist resistance, the rebellion from the People's Volunteer Organisation (PVO), and the Karen uprising.

Formed in August 1939, the Communist Party of Burma (CPB) was the oldest political party in Burma. The CPB, the Burma National Army (formerly the BIA, but renamed during the Japanese occupation), and the People's Revolutionary Party (later renamed the Socialist Party) were the founders of the AFPFL. An initial faction



started in 1945 when one of the leaders, Thakin Soe, formed a splinter group called the Red Flag Communist Party to uphold the tradition of armed struggle. The remaining communist members, who represented the majority, rallied around Thakin Than Tun and continued to work with the AFPFL, and this group was referred to as the White Flag Communist. Both the Red and White Flag Communist Parties tried to undermine the Union by accusing Aung San of negotiating a 'sham independence' (Johnstone, 1963, p. 4). In the Constituent Assembly election in 1947, the CPB performed poorly by winning only seven seats.<sup>26</sup> After U Nu took office, he was wary of the CPB connection with China. In order to keep the nation neutral from the East-West tussle, U Nu expelled the CPB from the AFPFL. Consequently, both the Red Flag and White Flag communists went underground and began their armed resistance against the government (Aung-Thwin & Aung-Thwin, 2012; Gravers, 1999; Lintner, 1990; Nu, 1975).

While the communist threat could be seen as an external intervention, the newly formed government also faced a conflict from within. The PVO was formed by Aung San from the Burman soldiers who had been left out of the newly regrouped Burma National Army after the war. The initial objective of the PVO was to maintain law and order in the countryside, but its real political agenda was to give the AFPFL leverage when negotiating for independence with the British (Silverstein, 2004). Coming from a Thakin background, the PVO soldiers were only loyal to their leader, i.e. Aung San. When he was assassinated, these soldiers were leaderless and felt uneasy with the new government. The communist uprising in 1948 also triggered the PVO rebellion against the government. Pockets of PVO forces took roads and bridges throughout the country, causing disruption to daily life and spurring the flood of refugees to neighbouring countries (Aung-Thwin & Aung-Thwin, 2012, p. 238).

Finally, the U Nu government needed to face the problem of an imminent Karen uprising. The KNU were between a rock and a hard place when they accepted the terms offered by Aung San to form the Kayin Affair Council under the new government. Not surprisingly, the group rekindled the demand for a separate state almost immediately after Aung San was assassinated. Their grounds for discontent

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<sup>26</sup> AFPFL was the biggest winner with 173 seats.

deepened when the Karens in the new national army lost their ranks. During colonial rule, the British recruited the army mainly from the Karens (39.5%), Kachins (24%), and Chins (23.7%), whereas Bamars only accounted for 12.9% (Furnivall, 1956, p. 184). The British were aware of the anti-colonial sentiment among Bamars, and therefore they relied more on the Karens, who had demonstrated loyalty and were, in general, more sympathetic to the colonial ruler. The Commander-in-Chief General Smith Dun and the Chief of Air Force Saw Shi Sho were both ethnic Karens. However, the new government reverted the policy and did not allow the Karen to join the military nor the police (Aung-Thwin & Aung-Thwin, 2012, p. 239). General Dun was removed and replaced by General Ne Win in January 1949. This effectively laid the ground for future troubles, as the well trained Karen soldiers rebelling against the government by declaring war on 31 January 1949 (Pedersen, 2011, p. 7). While the Karen rebellion was eventually put down by the national army under General Ne Win, it was not the end of the Karen struggle for self-determination; ironically, however, it sowed the seeds and justification for an army state in Burma.

Although the Karen rebellion was brought under control, pockets of ethnic revolts were growing throughout the country, not least fuelled by the dawn of 1958, when, under the 1947 Constitution, the Shan, Kachin, and Chin could opt to secede from the Union after ten years of independence. The approach of the ten-year clause prompted U Nu, on 26 September 1958, to invite Ne Win to form a military government for a short length of time in order to 'clean up the mess' (D. G. E. Hall, in Aung-Thwin & Aung-Thwin, 2012, p. 241). The military, as the 'caretaker government', was the only institution that could maintain order. Under the circumstances, the military and civilians were in agreement about the need for a caretaker government in order to prevent the prevailing anarchy getting out of control. Therefore, it was not until 1962 that Ne Win ousted U Nu from office, and then it was regarded as a coup.

When Ne Win staged the coup in 1962, he justified it by citing the threat to the integrity of the Union from the Shan and Karen. He believed that civilian ministers were detached from the reality outside of parliament, where only the use of force could hold the Union together. Consequently, a Revolutionary Council made up of

army officers was established to replace the civilian government. On 4 July 1962, the Burma Socialist Programme Party (BSPP) was formed. In 1964, it became the only legitimate political party when the Law to Protect National Solidarity was introduced to ban all other political parties. Meanwhile, U Nu left the country and set up a 'government-in-exile' in Thailand (Aung-Thwin & Aung-Thwin, 2012; Nu, 1975).

With power once again centrally controlled, Ne Win immediately removed the legislature and regional councils that had been set up under the 1947 Constitution. This action not only severed the channel of communication between ethnic groups and the power centre in Rangoon, but it also shattered the trust these ethnic groups had in the Union. Following the introduction of the Burmese Way to Socialism, industries and banks were nationalised. Entrepreneurs and the middle class were purged, but peasants were supported in that they were given land to cultivate. Although they could not sell, mortgage, or rent the land to others, they were free to grow what they wanted and were only subjected to minimal taxes. If the peasants could not pay the rent to the government, they were protected under the Peasants' Rights Protection Act, which forbid the confiscation of their land. This overprotection of the peasants sowed the seeds for future land disputes since, when the policy was reversed in the 1990s, the ownership of the land and the rights to use the land became a hotbed for grievances at the village level.

Another consequence of the Burmese Way to Socialism was the rapid decline of the Burmese economy. From an average GDP growth rate of 5.8% in the decade 1951–60, it fell sharply to just 1.9% in the decade 1981–90 (see Table 1). Total reserves as a percentage of total external debt fell from 46.18% in 1971 to 29.51% in 1980, and by 1987 they had fallen to a historical low of just 4.03% (see Figure 1). On 3 November 1985, the 50 and 100 kyat notes were demonetised without warning, but 75 kyat notes were introduced a week later and 15 and 35 kyat notes were introduced on 1 August 1986.<sup>27</sup> However, just barely over a year later, 25, 35, and 75 kyat notes were demonetised, again without warning, on 5 September 1987, rendering 75% of the country's currency worthless overnight. In short, by the time of the student uprising in 1988, the country was in political, social, and economic ruin.

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<sup>27</sup> Ne Win had a predilection for numerology, and 75 was for the commemoration of his 75th birthday.

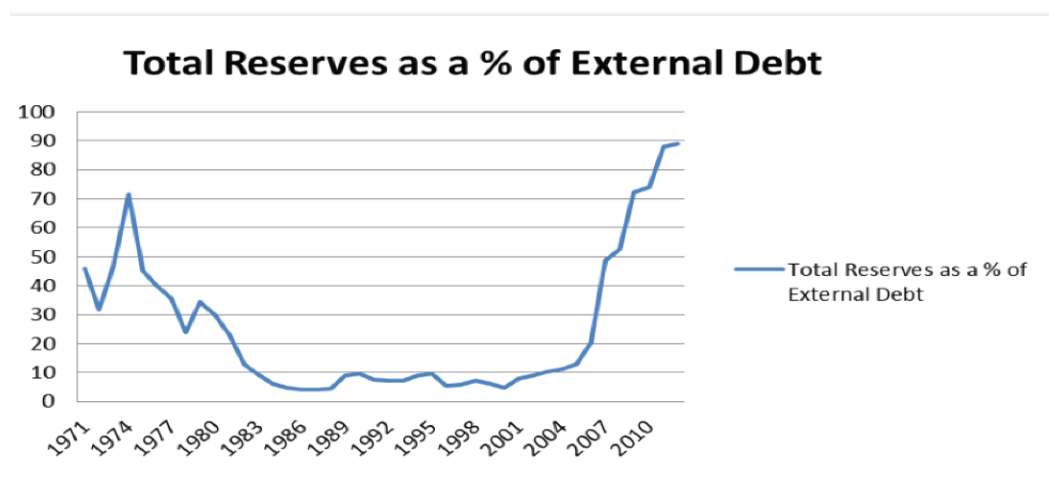
In summary, when the military took over the country in September 1988, they faced multi-dimensional challenges from political, economic, and social problems. They could send troops to suppress resistance in major cities like Yangon and Mandalay, but how could they deal with sporadic uprisings throughout the country? This question brings us back to the question of how they maintained social control.

**Table 1: Burma – real GDP growth rates, 1950–1990**

Fiscal Years	Average GDP Growth Rate %
1950/51 - 1959/60	5.8
1960/61 - 1970/71	3.5
1970/71 - 1979/80	3.9
1980/81 - 1989/90	1.9

Source: (U Myint, 2008)

**Figure 1: Burma – total reserves as a % of external debt, 1970–2013**



Source: World Bank, International Debt Statistics

## 2.2 Regime Survival: The Predicament of a Military Regime

If a regime cannot sustain itself, then there is very little point in examining its ways of maintaining social control because it would not survive long enough to see the results. However, the Myanmar military regime survived its legitimacy and capacity crises for twenty-seven years (1988–2015), and it still enjoys veto power after the transfer of power. Therefore, it is important to determine how they achieved this. Recalling the work of Migdal (1988) on the politics of survival, there should be three layers of accommodation: the top level concerning the leadership, the second level

focusing on the agents of the state, and the final layer incorporating the implementer at the local level. This section looks at the top level of accommodation.

Ahram and King (2012, p. 173) note that, for a state where authority is weak, franchising violence is less expensive than centralising it. Myanmar certainly was at this point when the military seized control of the country in 1988. Lacking legitimacy, weak in capacity, and locked in internal ethnic conflict, the military regime quickly changed tactics by beginning to franchise violence to local ethnic armed forces. This was the beginning of warlord politics, when centralised control was replaced by the fragmentation of political authority. While franchising violence is less expensive, is it effective in maintaining control? Ahram and King (2012) do not provide a definitive answer. Therefore, this section will first examine the predicament faced by the military regime.

This section of the chapter also examines the challenge from within the military. In terms of the triangle of accommodation in Migdal's control framework, this is the first level of accommodation relating to the state leadership itself (Migdal, 1988, p. 247). It examines how the military regime kept its ranks happy and avoided being thrown out of power by challengers from within the ranks?

### **2.2.1 Life expectancy of a military regime**

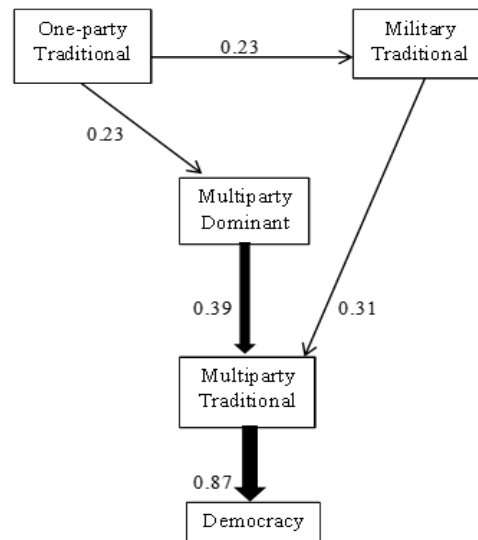
The third wave of democracy pounded the Asian shores in the 1980s, with South Korea, Taiwan, and the Philippines embracing democratic reforms in quick succession (Huntington, 1991). However, for the military regime in Myanmar, who had just quashed a democratic uprising in August 1988, the generals must have been thinking about how they could survive such a challenge from this global democratic movement. After all, in his end of history postulation, Fukuyama (1992) has claimed that democracy should be the only viable form of governance.

In her study on the topology of authoritarian regimes, Barbara Geddes (1999) concludes that, when compared with two other regime types, i.e. personalist and single-party regimes, military regimes have the shortest life expectancy, with an

average of just 8.8 years. She offers three reasons for this, the first of which is that these military regimes have weak support in society. Furthermore, by using game theory, she explains that the military officers preferred to settle on solutions based on negotiation rather than all out confrontation. Finally, and more importantly, the military could enjoy a safe retreat by returning to their barracks (Geddes, 1999). A comprehensive study of regime survival by Axel Hadenius and Jan Teorell (2006) confirms Geddes' findings. Hadenius and Teorell (2006) identify five main types of regimes differentiated by their degrees of competitiveness: one-party, military, multiparty dominant, multiparty, and democracy. Under an authoritarian environment, the average lifespan of a military regime during the period of 1972–2003 was 11.1 years, compared with 12.9 years for a no-party system, 17.8 years for a one-party system, and 25.4 years for a monarchy, which enjoyed the longest average. Indeed, the military survived only longer than a multiparty regime, which had an expected lifespan of just 9.03 years.

However, the military regime in Myanmar clearly defied the observations of both Geddes (1999) and Hadenius and Teorell (2006). After taking power in 1988, the Myanmar military regime remained in power until 2015, which makes 27 years of continuous governance, compared to a life expectancy of just 11.1 years. Amid the expansion of democracy and multi-party politics at the expense of one-party and military regimes, the generals in Myanmar were able to withstand legitimacy challenges from international and domestic fronts. The pathways for the transition to democracy provided by Hadenius and Teorell (2006) are worth closer scrutiny. In this regard, the authors note that democracy does not come straight from the downfall of one-party or military regimes because the fall of an authoritarian regime may simply give way to another. Indeed, from their dynamic regression analysis on the effects of regime type on democratisation, a one-party regime has equal probability of turning into a military or a multiparty dominant regime. However, it is worth noting that the main route for a military regime to become a democracy is through a multiparty government, and there seems to be very little probability of deviating from the route so as to develop into a multiparty dominant regime first (see Figure 2).

**Figure 2: Probability of regime transition (Source: (Hadenius & Teorell, 2006))**



In their study, Hadenius and Teorell (2006, p. 19) note that ‘[w]hen traditional military regimes are changed, the most frequent result is a limited multiparty system of a traditional sort’.<sup>28</sup> It is interesting that Hadenius and Teorell do not explain why a military regime cannot transition to a multiparty dominant regime and stay there, which was the case in Cambodia, as described earlier, and could also be the case for the military regime in Myanmar.<sup>29</sup> Perhaps, in their minds, a military backed dominant political party cannot withstand the challenge under a multiparty system. However, it is precisely because of this that the Myanmar military regime survival is a case of interest and warrants further investigation. Why have they not secured a settlement and returned to the barrack, as Geddes suggests? Furthermore, was the option to transition to a multiparty dominant regime out of the question for the military regime in Myanmar? The answer to both questions may be found in the way the regime overcame the first hurdle – accommodation at the leadership level.

<sup>28</sup> This is different from the cases of military rebel regimes, where the outcome would most likely be a traditional one-party system.

<sup>29</sup> The win by the NLD in the 2015 election would suggest that the democratic transition in Myanmar falls into the pathway suggested by Hadenius and Teorell (2016). However, with overwhelming superiority in financial backing and domination in the business sector, there is no reason to suggest that the military-backed USDP could not follow their Cambodian counterparts and stage a comeback in the 2020 election.

### **2.2.2 First step of the survival strategy: accommodation of top leadership**

According to Svolik (2012), the problems faced by an authoritarian regime can be epitomised by the problems of authoritarian control and authoritarian power sharing. The problem of authoritarian control refers to the struggle to achieve a balance between the ruling minority and the non-ruling majority. To preside over the masses, the ruler needs political allies, such as society's elites or generals in the army (Svolik, 2012, p. 4). The problem of authoritarian power sharing arises from challenges from the regime's allies. Svolik (2012, p. 6) draws two distinctive forms of interaction between the ruler and his allies, one is 'contested autocracy' while the other is 'established autocracy'. When explaining these two forms of autocracy, Svolik (2012, p. 117) suggests that formal institutions could contribute towards regime survival by alleviating the problem of power sharing because these institutions function as the allocators of benefits and rights among the allies.

How can the problems of authoritarian control and power sharing raised by Svolik be resolved so that the military regime in Myanmar could defy the findings of Geddes and Hadenius and Teorell? Before finding the answer, the rationale of Geddes on military regime survival needs to be examined. Geddes (1999) offers three explanations for the relatively short life expectancy of a military regime: the lack of support from society, a negotiated settlement as the preferred political outcome, and the military always having the safe option of returning to the barracks. However, are these explanations applicable to the military regime in Myanmar?

The suggestion that the military is not accepted in society is contentious in the case of Myanmar. General Aung San, who is regarded as the father of independent Burma, came from the army. To this day, the people in Burma respect him, as is shown by their support for his daughter Aung San Suu Kyi. In an interview given to CNS News after her release from house arrest, the leader of the main opposition party made the point very clear that she had never hated the military, even though they had deprived her of her freedom on and off for 17 years.<sup>30</sup> Even the army, the

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<sup>30</sup> Aung San Suu Kyi: I never hated the Burmese army. (2012, June 18). *CBS News*. Retrieved from



*Tatmadaw*, had been held in high regard by the people in defending the country's territorial integrity. Obviously, ethnic minority groups do not necessarily share the same gratitude towards the *Tatmadaw*, especially those who picked up arms and fought for their autonomy. However, as long as the dominant ethnic group, the Bamar, felt sympathy towards them, the military rule could justify its existence on the grounds of maintaining territorial integrity and securitising the country against external threats (Buzan, Waever, & Wilde, 1998).<sup>31</sup>

Secondly, Geddes (1999) explains that the military regime would prefer to negotiate a settlement to resolve any constitutional crisis. This certainly appeared to be the case in Myanmar, as the military regime negotiated ceasefire agreements with ethnic armed groups almost immediately after seizing power. However, on closer examination, the ceasefire agreements were not political settlements because they did not involve disarming the ethnic rebels, and there were no plans to integrate the mainstream of the rebels back into the state. Therefore, the ceasefire agreements were not political settlements, but instead should be seen as warlord accommodation and a conflict management strategy that helped to defy Geddes' gloomy prediction regarding the short life expectancy of a military regime.

The final point about the military being able to return safely to their barracks serving as a pull factor in preventing a prolonged military occupation likewise rests on thin ice because it does not take into account the possibility of them leaving the barracks again. Indeed, as Collier and Sambinas (2005a) point out, the frequency of a coup is an independent variable in explaining future coups: the more frequently a coup occurs, the more likely it is that the next one will happen. Once mobilised, the military do not necessarily find the barracks as their home, especially when their interests are compromised. The frequent military coups in Thailand serve as a case in point.

In summary, the short life expectancy of a military regime did not apply to

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<http://www.cbsnews.com/news/aung-san-su-kyi-i-never-hated-the-burmese-army/>.

<sup>31</sup> In the tradition of realism, the securitisation theory proposed by Buzan et al. (1988) includes threats from five dimensions: military, political, economic, social, and environmental.

Myanmar. The military is held in high regard, even by its main opposition leader. The ceasefire agreements with the armed groups were not political settlements. Moreover, even if they retreated to the barracks, they could still dominate the political landscape on security grounds; in this regard, renewed fighting in Kokang and brutal suppression against the Rohingya are cases in point. However, overcoming the conditions leading to a short life expectancy still cannot secure regime survival. As Svolik (2012) correctly points out, one of the immediate concerns of the regime should be to appease its allies. In the dataset he collected on regime survival, Svolik (2012, p. 4) notes that 68% of dictators have been removed by regime insiders, i.e. people from within the inner circle of the regime.<sup>32</sup> Therefore, the immediate concern for the military regime in Myanmar was other generals who could stage a *coup d'état* and not the public.

To secure the backing of other generals and military officers, the Myanmar regime was quick to take action. Shortly after abolishing the 1974 Constitution and installing the SLORC as the caretaking government, the regime formed two companies to look after the interests of military officers. The Union of Myanmar Economic Holdings Limited (UMEH) was formed in February 1990 under the Special Companies Act, with an initial share capital of US\$1.6 billion. In 1997, the Myanmar Economic Corporation (MEC) was formed. According to a report on foreign direct investment into the country, these two companies control the country's most important natural resources and have shares in almost every sector of the economy, including heavy industries, import and export firms, and companies in the service sector.<sup>33</sup> Under the Ministry of Defence, the Directorate of Defence Procurement owns shares in both the UMEH and MEC, with the aim of looking after the interests of active and veteran military officers (Myat Thein, 2004; Singh, 2005, p. 209; Steinberg, 2001; Tin Maung Maung Than, 2007, p. 392).

Moreover, senior generals were quick to appoint their relatives and cronies to carve

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<sup>32</sup> Out of the 303 dictators in the period between 1946 and 2008, only 32 were ousted from office as a result of popular uprisings. Hence, the fear of losing office from protests similar to those of the 8888 demonstration seemed unlikely.

<sup>33</sup> Zin Linn. (2012, June 2). Burma and the international development aid and FDI. *Asian Tribune*. Retrieved from <http://archive.is/3sWc0>.

up the lucrative sectors of the economy; the Kambawza Bank is owned by Aung Ko Win, who is close to Vice Senior General Maung Aye; Mother Trading and Construction Limited, with a strong interest in the cement industry, is owned by Aung Myat, a close friend of Senior General Than Shwe; the Red Link Company, which provides data communication services nationwide, is owned by Toe Naing Mann, son of General Thura Shwe Mann; Nay Linn Aung is the son of Lt. General Myint Aung, and his company, Nilar Yoma Trading Company, has been granted exclusive license to operate gas stations in major cities, including Yangon and Mandalay<sup>34</sup>; the Myawaddy Bank and the Innwa Bank are owned by UMEH and MEC respectively. They financed cronies to buy up state assets at steep discounts to net asset values. Effectively, ‘Myawaddy functioned as little more than a “corporate treasury” for UMEH, whose companies were almost its only clients. Innwa Bank [...] like Myawaddy [...] functioned for the most part as a finance vehicle for MEC subsidiaries and affiliates’ (Turnell, 2009, p. 266).

Consequently, by setting up private companies under the ownership of the Ministry of Defence, with a mandate of looking after the welfare of both active and retired military officers, the military regime in Myanmar overcame the problem raised by Svolik regarding power sharing through distributing the financial windfalls. More importantly, this was not a one-time pay-off arrangement, but an ingenious way to ensure the military would continue to enjoy the share of the windfalls, as long as the military is in power.

However, financial security is not the only safeguard protecting the military regime. The 2008 Constitution provides statutory guarantees to the military. Under Chapter IV, Sections 109, 141, and 161, the military is automatically given 25% of the seats in both the *Pyithu Hluttaw* (House of Representatives) and *Amyotha Hluttaw* (House of Nationalities). Moreover, Chapter XII Section 436(a) stipulates that a 75% approval rate is required to amend the Constitution. With the military given 25% of the vote, this effectively means that it has veto power because the Constitution

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<sup>34</sup> Aung Din. (2011, June). Partial list of cronies who provide political and financial support for Burma’s ruling regime. *Burma Partnership*. Retrieved from <http://www.burmapartnership.org/wp-content/uploads/2011/06/The-Regime-s-Cronies-List-June-27-2011-Final.pdf>.

cannot be changed without their approval. The 2008 Constitution also makes it mandatory to appoint active military officers to head the Ministries of Defence, Home Affairs, and Border Affairs (Chapter V, Section 232(b), (c)). As a final safeguard, Chapter XI confers powers to the military to declare a state of emergency and assume executive and judiciary powers.

The provision of financial security in the form of recurrent income from UMEH and MEC, together with statutory protection under the 2008 Constitution, have helped the regime to overcome the problem of power sharing raised by Svolik and prevent potential revolt from within the ranks. This represents the top level of leadership accommodation within the survival strategy suggested by Migdal. The next section looks at the second level, the accommodation of agents of the state.

### **2.3 Warlord Accommodation as the Second Step of Survival Strategy: Warlord Politics**

After getting its own house in order through the sharing of financial windfalls with other generals and officials, the next concern of the Myanmar military regime was how to deal with the ethnic warlords. To address this issue, it is necessary to recap one of the foundations of the state-in-society theoretical framework. The approach suggested by Migdal is to steer away from a state-centric orientation to examine state-society relations in the arena where the interaction takes place. In this context, one must abandon the notion that the state should enjoy the monopoly use of force. Instead, one should zoom in on the arena where the interests of the state and the warlords collide. This is the territory of warlord politics. The way the state and the warlords interact would dictate the outcome of whether warlords should be seen as enemies of the state or whether they could be state-builders in the pacification project of the regime.

The relevance of warlord politics is particularly valid when a state does not enjoy the monopoly use of violence. In her study of Laurent Nkunda in eastern Congo, Danielle Beswick (2009) echoes the point raised by Duffield (2001) that sometimes warlords are the only people that can hold peace, which is the same point raised by Jackson (2003). She questions the 'single sovereign' mindset in dealing with conflict

settlement and instead advocates a multilateral approach in dealing with an internally fragmented state. By abandoning the single sovereign approach, the state-society relation then opens up to allow mutual co-existence under warlord politics. It also paves the way for the second level of accommodation in the scheme of regime survival suggested by Migdal – the accommodation of agents of the state.

However, if order and control could be readily re-established by the accommodation of warlords, then there would be no civil wars in many developing countries in Africa and Asia. Therefore, the concept of the warlord as either an enemy or ally of the state needs to be clarified. Moreover, the arena where the interests of the state and the warlords collide requires contextualisation, since geopolitics will have a deterministic implication on the political outcome. Finally, the process of accommodation also requires scrutiny. The following sections examine these outstanding issues.

### **2.3.1 Definition of a warlord**

The English word ‘warlord’ first appeared in Ralph Waldo Emerson’s 1856 essay on the development of aristocracy and centralised authority in England. Emerson noted that ‘piracy and war gave place to trade, politics and letters; the war-lord to the law-lord; [...] the privilege was kept, whist the means of obtaining it were changed’ (in Ahram & King, 2012, p. 171).

The word ‘warlord’ invokes banditry behaviour in that ‘warlords’ are invariably armed and operate at the margins of the state (Hills, 1997; Jackson, 2003). Indeed, Weber (2009, p. 85) describes warlords as ‘liv[ing] off booty, plunder, confiscations, contributions, and the imposition of worthless and compulsory means of tender’. Mueller (2004) simply calls them thugs. His view is echoed by Lezhnev (2006), referring to them as one-dimensional thugs who are only concerned about their own interests. Duffield (2001) defines a warlord as a leader of an armed band that likely number several thousand. Hills (1997, p. 35) describes a warlord as a powerful individual, or a ‘big man’, who exploits the situation in a power vacuum, while Jackson (2003) lists five main characteristics of warlords; they appear when there is a

collapse of centralised power, they resort to the use of violence to claim local power, they reject formal state structures, they replace such structures with their own order, and they continue to trade.

However, these definitions tend to be on the descriptive side. An operational definition is provided by Ariel Ahram and Charles King (2012, p. 172), who define warlords as ‘armed agents who wield some degree of civil power and claim some kind of local sovereignty over a defined region while paying allegiance to one or more stronger power’. Under this definition, warlordism consists of two components: ‘the ability to manage and wield violence’ and ‘the simultaneous claim to local supremacy but also a quasi-legal subservience and loyalty to superior authority’ (Ahram & King, 2012, p. 172). The first component essentially captures the descriptions provided by other scholars, but having the ability to wield violence does not necessarily make a person a warlord in that he could simply be a criminal or a bandit. Hence, the second component, a recognised legitimacy in a territory, is vital for the classification of warlord.

From here, the debate on warlordism branches off into two scenarios, one that is state destabilising and one that is state enforcing. Scholars such as Jackson (2003), Lezhnev (2006), Mueller (2004), and Reno (1999) are advocates of the first scenario. However, in recent years, the discourse has shifted towards the second scenario, where warlords are seen as state builders. Indeed, Hobsbawm (2000) points out that there were cases where local strongmen, who remained loyal to the king, took up arms to defend villages against feudal lords (there are plenty of examples of this in ancient China). He goes on to claim that many of these strongmen would ‘sooner or later be tempted to take the easy road [in becoming] a retainer of the lords’ (Hobsbawm, 2000, p. 61). Wong (2013) also argues that local strongmen could be co-opted in the state-building project in the Philippines. The divide between the positive and negative claims warrants closer scrutiny.

### **2.3.2 Warlords as enemies of the state**

The theoretical foundation of the first camp that sees warlordism as an obstacle to

state development is rooted in the Weberian tradition, which emphasises the state monopoly on violence. In his work on state-society relations, which was anchored on the statist approach, Charles Tilly (1990) explains how the state tries to maintain its legitimacy by controlling the monopoly on violence. Through establishing institutions to control economic resources, the state therefore has sufficient means to fend off its enemies and to pacify its citizens through social programmes (see also Davis, 2010). Tilly (1985) goes even as far as to suggest that the state is simply a legitimate form of protection racketeering. In his later work, Tilly tries to locate a regime within a capacity-democracy space and use this to frame contentious politics. Under such a topology, Tilly argues that a low capacity authoritarian regime would inevitably invite competition for control, a point that Svolik (2012) would certainly agree with, for ‘change and variation in governmental capacity cause change and variation in the characteristic of contentious politics’ (Tilly, 2010, p. 211). This also fits in well with Migdal’s claim that whether a state is considered strong or weak depends on its capacity to maintain social control. Therefore, if warlordism curtails state capacity, it is also the source of contentious politics.

This view of seeing warlordism as an obstacle to development is shared by Kimberly Marten (2006/07, p. 72), who maintains that ‘history demonstrates that when warlords are given resources [...], they will use those resources to support their parochial interests in competition against each other and in defiance of centralized authority’. He argues that economic development is vital to the long-term state-building project, but that ‘the warlords on the losing end will otherwise try to fight change’ (Marten, 2006/07, p. 73). Although he recognises that warlords may play certain roles in contributing towards temporary peace, he believes that ‘they are unlikely to become state builders, and their territories will remain undeveloped, with economies skewed toward their own patronage networks’ (Marten, 2012, p. 217).

### **2.3.3 Warlords as state-builders**

In examining the perspectives of the second camp, which sees the potential of warlords as state-builders, it is worth revisiting Beswick’s (2009) argument about the shortcomings of a single sovereign approach. Her concern is based on the Western values of liberal democracy that could only be supported by the state enjoying a

monopoly of violence. Neither seeing warlords as the source of instability nor as state-builders, Beswick instead lays the blame for continued instability on the international actors who are only concerned about maintaining a single sovereign entity and fail to recognise the importance of a decentralised authority. She concludes by pointing to the ‘fatal-flaw of many state-building strategies in Africa: the focus on one source of sovereign power in a region where the state has historically been only one amongst many competing authorities’ (Beswick, 2009, p. 343).

Indeed, Beswick’s argument is not only applicable to Africa; MacGinty (2010) makes similar claims when examining the state-building project in Afghanistan after the Taliban was toppled. He, too, claims that liberal peace is a misnomer by demonstrating that many INGOs had to rely on local warlords to implement their projects. Therefore, the actual practice did not conform to liberal ideals. Like Beswick, MacGinty believes that a Weberian state cannot be established when multiple political actors are standing in the way of the liberal peace process.

Is there a normative role for warlords? Insightfully, Hills (1997) suggests that a warlord is only called a warlord in a derogatory sense when he is not pro-Western. Instead, she uses the term ‘militia’ to replace ‘warlord’. Stanski (2009) shares Hills’s concern about the use of the word ‘warlord’ by Western powers. He highlights the cultural difference between Western and Oriental views on violence by pointing out that ‘[t]hose labelled “warlords” are heirs to a longstanding tendency in US and British political thought to construct a violent Afghan “Other”, a figure that contrasts with, yet also affirms, purportedly essential features of the West’ (Stanski, 2009, p. 75). Their points can be made clear if one looks at how the West viewed Libya’s Gaddafi. He was not regarded as the head of state but instead was described in the English newspaper *The Guardian* as ‘a warlord in control of a personal army that he has tasked with the mass killing [...]’.<sup>35</sup> However, the media must have had a short memory because not so long before *The Guardian* report, the then British Prime Minister Tony Blair visited Gaddafi in May 2004 to cement British interests in the

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<sup>35</sup> Alaa al-Ameri. (2011, May 3). Gaddafi is a legitimate target. *The Guardian*. Retrieved from <https://www.theguardian.com/commentisfree/2011/may/03/muammar-gaddafi-target-nato>.



area's lucrative oil business. Indeed, Gaddafi was shown on TV visiting the headquarters of the European Union a month later, when the EU was hoping Gaddafi could help stem the flow of illegal immigrants from Africa entering EU countries. Therefore, whether a leader is a warlord depends on the vested interests of the parties that label him as such.

Essentially, Hills and Stanski have thrown a spanner in the Western-driven liberal peace discourse by asking if warlords can serve the purpose of state formation that is outside of Western normative thinking. Mark Duffield picks up the debate by having a dig at the West's one-size-fits-all approach. In post-modern conflict, Duffield (1998) notes that warlords are more co-operative with international organisations, whereas many post-adjustment rulers ironically adopt warlord-type strategies. Duffield (2001) goes further to claim that, sometimes, warlords are the only power that can keep order and provide security to the local people in a conflict area, a view shared by Jackson (2003). In developing his idea on the emerging political complex, Duffield has certainly abandoned the single sovereign approach as suggested by Beswick.

However, what motivates warlords in the first place? From the definitions provided by warlord scholars, economic greed appears to be the primary motive. Most warlord scholars agree that warlords are rational people (Pye, 1971; Reno, 1999). This, in turn, sheds light on their likely behaviour. Ahram and King (2012) suggest that because warlords are positioned as frontiersmen, they are well suited to act as the arbitrators, or the middlemen, for tricky trades along the boundaries. Indeed, Skaperdas (2002) points out that warlords prefer peace to war because, like most human beings, they are risk adverse. Using economic models, Skaperdas argues that the notion of risk-loving warlords entering into wars in the search of higher returns as the reason for conflicts cannot be justified. In this sense, warlords only go to war most likely because of miscalculation or misinformation (Skaperdas, 2002). However, what if the warlords are motivated by factors other than economic gains?

At this juncture, it is necessary to revisit the argument provided by Jackson (2003) on warlords forming alternative forms of governance. Jackson argues that the term

‘militia’ used by Hills to describe the ‘big man’ is not sufficient to distinguish different levels of warlordism. In this regard, he adds three categories to the inventory: freelance militias, clan militias, and personal militias, and only personal militias should be regarded as warlords, whereas the first two categories could only be described as gang leaders and ‘traditional’ leaders (or ‘chiefs’) respectively (Jackson, 2003, pp. 142-143). Freelance militias are simply bandits with no fixed territorial preference, whereas clan militias are more associated with identity, and therefore they share history and enmities with rival clans. In contrast, personal militias, or warlords, operate at the highest level of the topology because they are much more organised structurally and represent not just a particular ethnicity but also an ideology. The contribution of this topology is that it fills the missing gap in Skaperdas’ analysis, which assumes that all warlords are motivated by economic gains. Jackson’s topology opens up the possibility that militias could just be clan leaders. After establishing the topology of warlordism, Jackson goes on to explain the means available to support alternative governance, namely, primitive accumulation for the freelance militia, but the clan and personal militias can take advantage of the increased opportunities from globalisation due to their higher sophistication in organisation to increase their bargaining power. Indeed, William Reno (1999), in his study of warlord politics in Africa, notes that warlords reacted to the changing environment after the end of the Cold War to capitalise on the new donors coming onto the scene. This provides evidence to support the claim by Ahram and King (2012) that warlords (personal militias, as Jackson likes to call them) could indeed be useful arbitrators in a conflict zone.

### **2.3.4 The importance of territory: roving bandits versus stationary bandits**

Can the dichotomy of warlords being either state-spoilers or state-builders be reconciled? Mancur Olson (2000) offers an alternative view that places territorial control as a factor. While reaffirming that warlords’ behaviour is primarily banditry, as rational people, Olson claims that if a bandit can muster enough power to become the *de facto* sovereign in the area, he effectively becomes the stationary bandit and the land that he controls could offer comprehensive interest that should encourage the bandit to look after the local people. Olsen’s argument is based on the incentive

of production. A roving bandit would take 100% of the money in the till, leaving no incentive for the people to produce. In contrast, a stationary bandit would ensure his victims have an incentive to produce so that he could continue taxing (or robbing) them. Furthermore, the stationary bandit would also have the incentive to provide public goods to the people within his domain in order to further encourage production (Olson, 2000, pp. 6-10).

The postulations suggested by Olson have significant implications in two ways. First, Olson reasons that when faced with a choice, people would prefer a stationery bandit to a roving bandit because a form of co-existence could be reached with the stationary bandit. Second, territorial control is vital for a warlord to be seen as a state-builder. These two contributions are relevant to the case under examination in Myanmar.

On the first point about a stationary bandit bringing development to the territory he controls and being preferred to a roving bandit, these issues ring true when examining the political situation in the Pa-O SAZ. Since the PNO reached a ceasefire agreement with the regime in 1991, the PNO has effectively become a stationary bandit, and within a fixed geographical boundary they have enjoyed the monopoly use of violence. Indeed, Callahan (2007) argues that co-existence was achieved in the Pa-O SAZ. When Callahan uses the term ‘co-existence’, she is merely referring to the relationship between the regime and the ceasefire armed group PNO, but nothing is said about whether the same co-existence could be extended to the relationship between the *de facto* hegemon and the local Pa-O people. Therefore, an essential question still needs answering: Informed by warlord politics and the nature of roving and stationary bandits, how did the regime manage to control the Pa-O SAZ through the PNO in the state-building project?

The second point about territorial control requires further clarification because it has always been taken for granted by warlord politics scholars. To understand the problem here, one may ask: if a stationary bandit can co-exist with the state and be part of the state-building project, why can this approach not be replicated in other parts of Myanmar, which Callahan refers to as suffering from devolution or military

occupation? This raises the difference in the strategic importance between a frontier and a boundary. In this sense, many warlord politics scholars only provide blurred definitions of the space in which warlords operate. Some scholars duck the issue by simply referring it to a core-peripheral relationship (Davis, 2010; Mathis, 2013; Reno, 1999). When examining warlordism in Zaire, Reno (1999, p. 149) comments that '[t]he existence of multiple centers of accumulation in Zaire promotes this radical decentralization of politics'. This core-peripheral theme runs deep throughout his book. Another stance is that of the Commission for Africa (2005), which treated the areas as 'ungoverned spaces'. Many scholars also provide vague definitions; for example, Beswick (2009, p. 337) calls it 'the zones of contested authority' while Marten (2006/07, p. 48) refers to it as 'the disintegration of central authority, a phrase that was similarly used by Jackson (2003, p. 133). Finally, there are scholars who simply do not discuss the issue at all (Hills, 1997; Mac Ginty, 2010; Skaperdas, 2002). To be sure, the territorial aspect of warlordism has often been overlooked, but it may hold the very key to explaining why, in some areas, co-existence can be achieved, whereas devolution and military occupation continues in other areas.

### **2.3.5 The Pa-O SAZ: the new frontier**

In examining the power of the state, anthropologists Asad and Harris (2003) ask a very important question: Where does the state end? They argue that the state is not a fixed object and its boundaries are subjective projections from various dimensions, such as inclusion versus exclusion, and the rule of law versus the state of exception. Korf and Raeymaekers (2013) contribute to this discourse by drawing a very important distinction between borders and frontiers. Borders often give the impression that they are where state authority is stretched or compromised because it is the nesting ground for smuggling, illegal immigration, and corruption. However, borders remain essential parts of the state that must be regulated, for they also perform the function of cross-border trade and the movement and circulation of people, goods, and services. Moreover, being regulated by the state does not mean illegal activities cannot take place. Very often, the state is part of these underground ventures. Therefore, Korf and Raeymaekers (2013, pp. 9-10) claim that borders are as important as any part of the state because they function as 'the state's spatial and civilizational project and, consequently, of its "rightful" and sovereign rule over a

territorially fixed population'. They go on to explain that, in contrast, frontiers are 'not necessarily boundaries, but rather political spaces with distinct spatialities of rule and sovereign power' (Korf and Raeymaekers, (2013, pp. 9-10). Therefore, frontiers are at the margins of the state where central authority recedes (Donnan & Wilson, 2001). This view is shared by Das and Poole (2004), who describe frontiers as an area where the formation of a different political economy from the state is permitted through the deliberate relaxation of normally organised practices. Essentially, frontiers are seen as an institutional and moral vacuum (Le Meur, 2006). Consequently, in practicing state authority, borders remain tightly under state control, whereas the political order in a frontier area can be mutually constituted among stakeholders, and therefore there is more tolerance and flexibility in terms of setting the rules of the game. This difference has significant implications for the trajectories of the political order in border and frontier areas.<sup>36</sup> A quick review of Myanmar's geography and economy should help to illustrate this issue.

Myanmar shares borders with five countries: Bangladesh, China, India, Laos, and Thailand, but border trade is mainly concentrated with China and Thailand. Following the argument that the state will assert more control and authority in the border areas relative to the frontier areas, one should expect the state to have a dominant presence along the borders with China and Thailand. However, these borders in the Kachin and Shan States are occupied by ethnic armed groups, who also want to secure their own trade routes for smuggling activities. Therefore, the conflict hotspots in the 1970s and 1980s were mainly concentrated in the Kachin and Shan States. However, the border trade pattern has seen a sharp change since the 1990s. After the West imposed sanctions on the country, Myanmar has become economically dependent on China. As a result of this development, cross-border trade between the two countries increased more than threefold, from US\$318.4 million in 1999 to US\$1,376.8 million in 2008. In 2010, around 65% of border trade went through Muse in the Northern Shan State (Kudo, 2010). For the first eight

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<sup>36</sup> The argument that the characteristics of a frontier are different from a border, and hence affect the political outcomes, was first raised in a book chapter by the author of this thesis (Yue, 2016): "Pacifying the margins: the Pa-O Self-Administered Zone and the political order in Southern Shan State", in *Conflict in Myanmar: War, Politics, Religion*, edited by Nick Cheesman and Nickolas Farrelly, published by ISEAS–Yusof Ishak Institute, Singapore, 2016. Permission to use part of the materials in the book was obtained from the publisher on 20 December 2017.

months of 2015, China accounted for 87% of Myanmar's total border trade. Therefore, the control of Muse as a border to support the Myanmar economy was vital for the regime. However, it is worthwhile noting that the cross-border trade data only reflects commodities that were cleared and recorded at the check points (i.e. official trade), but, as Global Witness (2015a) has claimed in its report published in October 2015, up to 80% of the trade in jade was smuggled into China through Muse and Myitkyina in Kachin. Therefore, control of these routes is equally important for the ethnic armed groups. This serves to explain why protracted conflicts (or what Callahan refers to as 'near devolution') persist in Kachin and Northern Shan States.

In contrast, border trade between Myanmar and Thailand dwindled rapidly. In 1992–93, the total border trade between the two countries was US\$143 million, but by 2002–03 it had reduced to only US\$74 million. As a percentage of total Myanmar border trade, Thailand accounted for 40% in 1992–93 (Yunnan 54%), which shrank to just 16% in 2002–03 (Yunnan 72%). The decline in reliance on the Thai border trade implies that control in the Myanmar-Thai border area in the Southern Shan State is less significant, thus providing room for the state to negotiate a conflict settlement from the 1990s onwards, resulting in what Callahan describes as coexistence. These areas of coexistence become the state's 'new' frontiers, where law and order need to be reconstructed, and how to deal with the local warlords needs to be addressed.

### **2.3.6 Co-optation as elite accommodation**

The concept of frontiers is relevant in examining the political order in Southern Shan State, not just because the economic conditions have changed, therefore allowing lesser direct state control, but also because, under colonial rule, Burma was already being divided into Ministerial Burma (or Burma Proper) and the Frontier Areas, which included Shan, Chin, and Kachin. While Britain had direct control of Burma Proper, authority in the Frontier Areas was left to the local chieftains (Leach, 1954; Saha, 2013; Sai Aung Tun, 2009). It is worth remembering that there was a well-established structure of authority in the Shan State before it was dismantled during the colonial era and in the subsequent period leading to the Shan *sawbwas*

surrendering their hereditary rights. The authority rested with the *sawbwas*, but day-to-day operations, such as collecting taxes, settling disputes, and performing rituals, was left to the township and village headmen. With the structure destroyed, the same would go for the line of patronage. Hence, when examining the dynamics involved in the frontier, or what Duffield and Callahan call the emerging political complex, one needs to bear in mind the shift in patronage and the implications this entails.

The question of how to reintegrate the Frontier Areas so as to become part of the Union of Burma thus became the paramount statecraft mission after independence. The Burmanisation project started in the 1960s backfired and resulted in intensifying ethnic conflicts (Holmes, 1967; Taylor, 2009). The shift in tactics beginning in 1989, marked by the signing of ceasefire agreements with ethnic armed groups, signalled the dawn of a frontier management approach that emphasised the co-optation of ethnic strongmen. The main difference of this approach was not placing the political order in the Frontier Area under the direct control of the state, but partially decentralising it to local administration. This is not the same as autonomy because the arms of the state are still highly visible, but, within the Frontier Area, flexibility enabled the accommodation of local conditions.

This approach is different from the conventional argument by modernisation theorists, who claim that it is the lack of development that leads to the divide between the state and its frontiers. If the modernisation school had its way, the solution would be to focus on development spearheaded by the state (see the edited book by Duncan (2004); Stephan Haggard (1990)). This line of argument takes the position that the frontier should not be any different from other parts of the state, and therefore state intrusion into frontier areas can be justified on development grounds. However, James Scott (2009) argues that there are people who genuinely want to escape the wrath of the state, or they do not want to be taxed or controlled by the central authority, so they settle down in pockets of space within a state that become frontiers. The Wa ethnic group in Myanmar is a good case in point. Before the independence of the country, the British set up the Frontier Areas Committee of Enquiry to look into the integration of the Frontier Areas with the Ministerial Burma. When asked about whether the Wa wanted education, clothing, good food, good

housing, and hospitals, the representative of the Wa replied: ‘We are very wild people and we do not appreciate these things [...]’ (in Kramer, 2007, p. 9).

The Wa case may be an exception and should be understood in the context at that time. However, in most cases for ethnic minorities, the reality lies somewhere in between the desire for development and avoiding unwarranted state interference. The statecraft technique available to the regime is what Reno (1999, p. 2) calls creating a ‘shadow state’ that consists of a highly networked and formally recognised patronage system based on cutting deals with local strongmen over the control of resources. Essentially, it is based on Jean-Francois Bayart’s (1993) idea of ‘elite accommodation’. However, it is different from Svolik’s (2012) notion of ‘elite power sharing’ because this shadow state does not have a strong institutional set up. This lack of bureaucracy is by design, as, if the shadow state is given too much institutional capacity, it would attract independent ideology (Reno, 1999). Therefore, before examining how the military regime in Myanmar accommodated the ethnic elites, it is important to review what co-optation actually constitutes.

### **2.3.7 Warlord as the agent: the process of co-optation**

In his study on frontier governmentality in the Philippines, Wong Pak Nun (2013) suggests that frontier strongmen should not be seen as a threat to the state but can be co-opted in the state-building process to bridge the development and resistance dichotomy. Essentially, Wong argues that the decentralisation of state management to local strongmen can help to pacify the frontier. The tools that facilitate the decentralisation are networking, identity switching, and brokering (Wong, 2013, pp. 92-94). Wong’s suggestion is to treat frontiers separately but make them work for the state by co-opting the local strongman in a patron-client relationship. Patronage, as interpreted by Shefter, is ‘a divisible benefit that politicians distribute to individual voters, campaign workers, or contributors in exchange for political support’ (in Aspinall & As’ad, 2015, pp. 166-167). Scott (1972, p. 92) puts it more bluntly as an ‘instrumental friendship’. In a nutshell, a patron-client relationship is about handing out ‘pork’ in return for gaining political support (Aspinall, 2014).



When Wong and Aspinall were examining the client-patron networks in, respectively, the Philippines and Indonesia, they were dealing with the relationship between local strongmen and central governments within electoral parliamentary regimes. However, what if there was no election, as in the case of Myanmar from 1990 to 2010? What is the relevance of patron-client relations when there is no need for local support? In this regard, the finding of Aspinall (2009) in Aceh may offer a clue.

Similar to the ethnic situations in Myanmar, Aceh, which is located in the northern end of Sumatra, Indonesia, enjoys a rich endowment of resources, and the local Acehnese also demanded independence from Indonesia. There were several uprisings spearheaded by the Free Aceh Movement (Gerakan Aceh Merdeka [GAM]). In trying to pacify this conflict hotspot, the Indonesian government launched construction projects in the area. While the new development was transforming the political economy of Aceh, the crucial point Aspinall makes is that the GAM actors were also being ‘absorbed and transformed’ by the changing political economy (Aspinall, 2009, p. 31). The significance of this finding is that it echoes with what Wong describes as identity switching: in the case of the Philippines, local strongmen became statesmen; in the case of Aceh, GAM combatants became contractors.

This type of transformation of identity from enemy of the state to part of the state machinery is well underway in Myanmar. The process began soon after ceasefire agreements were reached in the early 1990s and gained ‘legitimacy’ after the establishment of the Office of Privatisation Commission in 1995. The best-known case is the Asia World Group, headed by Steven Law, son of the Golden Triangle drug lord Lo Hsing Han. The Ruby Dragon Group headed by Nay Win Tun is another example of a warlord-turned-entrepreneur. This is the dawn of cronyism in Myanmar (Ford, Gillan, & Htwe Htwe Thein, 2016). Between 1995 and 2007, the ownerships of over 200 state-owned enterprises (SOEs) were being transferred to entrepreneurs who had close links with the regime. The Htoo Trading Group, headed by U Tay Za and with businesses spanning from real estate to import licences, could call on former head of SPDC General Than Shwe as patron. Likewise, Aung Ko Win’s Kanbawza Group, with interests in mining, cigarettes, construction, banking,

and the air industry, had the backing of General Maung Aye, former Vice Chairman of SPDC. The privatisation process accelerated after 2007, with over 500 SOEs being transferred to the private sector. While the privatisation programme could be justified on the grounds that the SOEs were ‘notoriously inefficient’ (Turnell, 2010, pp. 34-35), the lack of transparency in the privatisation process only added to the speculation that the main purpose was to consolidate wealth in the hands of the ruling (military) class, with the ancillary purpose of co-optation in cases where local strongmen were the beneficiaries.

Therefore, the relevance of patron-client relationships for an authoritarian regime is not just about vote buying, but also about pacifying the conflict zone in order to enhance the regime’s legitimacy. In the case of Myanmar, Kevin Woods (2011) views the development of military-private partnership, or what he terms ‘ceasefire capitalism’, as the ‘territorialising strategy’. However, at the same time, Woods argues that this strategy could result in further marginalising local ethnic people who are not part of the resource extraction network and risk opening up new avenues of conflict (Woods, 2011, p. 767). This was certainly the case in Myanmar, as economic development in the rural areas led to multiple problems of land grabbing, pollution, corruption, and other social issues. Moreover, because the local strongmen switched their identities to become allies of the state, the co-optation strategy inevitably intensified the rift among people of the same ethnicity, but without enhancing the legitimacy of the regime. The political backlash resulting from the decentralisation of power is not exactly the same as what Castells (2007) has described. In this sense, Castells warns about losing legitimacy from the centre to the periphery, but at least legitimacy was achieved in the peripheral areas. However, the co-optation strategy adopted by the Myanmar regime may not have promoted legitimacy because the local warlords simply made themselves rich without sharing the benefits and, in most cases, continued the violence previously carried out by the state. How can the regime overcome this problem? The answer lies in finding the right agent for the military regime.

In their study of Indonesian election, Aspinall and As’ad (2015) argue that while patronage matters, equally important is finding the right broker to deliver the

political objectives; for this reason, they conclude that ‘what gave the victor his winning edge were state-centred forms of patronage and assiduous networking with a group we have described [...] as state brokers [...] (Aspinall & As’ad, 2015, p. 191). Finding the right broker can also explain why co-existence can be achieved in some areas and why it fails in others.

However, Woods (2011) and Aspinall and As’ad (2015) have all failed to delineate the mechanism by which the macro policy of co-optation could be translated into control at the micro level. Clearly, co-optation is just getting the warlord to change sides so that there will be one less enemy, but this does not mean that the state can then claim effective control in the territory concerned. Moreover, Aspinall (2014) states that brokers can betray, thus making it more relevant to find the right partner in the co-optation process. Furthermore, the co-opted warlord, now the broker for the state, must then deliver the political objectives of the state. There is no evidence to suggest that the state capacity has been enhanced through the accommodation strategy. Equally, there is nothing to suggest that the accommodated warlords could advance social control. Co-optation is the macro policy to bring local strongmen to the side of the state, but what did the local strongmen do with this new position as agents of the state? How can they maintain control given that their legitimacy is also lacking?

This essentially leads us back to the central research question regarding how power is constructed and manifested in the emerging political complex so that the regime can enhance legitimacy and maintain control in these ceasefire zones. Unlike the accommodation of the leadership that appears to have been settled with financial guarantees and constitutional protection, the second level of accommodation regarding agents of the state, the warlords in this instance, still have several issues unanswered. First, who is the chosen agent and why him? Second, how was the accommodation strategy constructed? Third, what is the mechanism of this accommodation and how can the agent be prevented from defection? These questions will be addressed in later chapters, but this section has already served the purpose of framing the narratives in order to capture the dynamics of warlord politics, as well as painting the landscape of the emerging political complex, a frontier where the local

warlords and the state mutually constitute each other when they try to reconcile their respective interests.

## **2.4 Local Resistance: The Moral Economy and the Rational Peasant Debate**

So far, the discussion has focused on the top end of the political spectrum, i.e. accommodation at the leadership level, and warlord co-optation at the second level. In addition, these discussions can inform the research on the predicament of regime survival and why accommodating the warlords was the only viable survival strategy, despite the fact that securing leadership and warlord support would only make it a weak state. For it to be a strong state, Migdal has warned that state capacity needs to be built up, which requires the effective implementation of social control to ensure compliance, participation, and legitimation. In this regard, it is necessary to examine the issue from the perspective of the underprivileged, i.e. the deprived sector of the population who ironically comprised the majority. For the ordinary Pa-O, who are mostly farmers, what would make them comply and participate in the state project? On the other hand, what would make them turn against the state, resist penetration, and even pick up arms to occupy the place the warlords left behind?

The issue of peasant revolt has occupied many past and present political sociologists (Migdal, 1974; Moore, 1993; Walker, 2012; Wolf, 1999). The discourse reached a critical juncture when James Scott (1976, p. 4) brought forward the concept of the 'normative roots of peasant politics'. His conception of a moral subsistence ethic was immediately challenged by Samuel Popkin (1979), who argued, from the perspective of a developmental state, that the actions of peasants could be explained by rational choice. If Scott is correct on his postulation of a subsistence ethic, then a social control project should focus on the relationship between the farmers and their patron. However, if the actions of the farmers are the result of calculated gambits, then the solution to control may point to the direction of trade-offs. Yet, are the two different views irreconcilable? Therefore, the moral economy and rational peasant debate will unfold in three sub-sections. The first section looks at the key components of Scott's moral economy, which is then followed by examining Popkin's counter argument. The final part aims to reconcile the dichotomy and formulate a framework that can

inform the research from the perspective of the underprivileged, thereby providing a better understanding about who could best serve as the implementer at the bottom level of accommodation and, importantly, how to achieve it.

### **2.4.1 The basis of moral economy**

The person to first link moral economy with peasant rebellion was historian Edward Thompson (1971, 1991), who examined the public grievances over bread prices in Britain during the 1800s. In this sense, there was a paternalist model based on common law and customs to bind farmers, millers, and bakers to supply bread at a fixed price in the local community. However, the system broke down because of market forces. The farmers no longer supplied to their former millers due to higher prices offered from other townships; likewise, millers no longer sold their flour to the former bakers. The result was a price hike and confusion, which led to public discontent (Thompson, 1971, 1991).

The key point of Thompson's postulation is that, even though the paternalist model may have been replaced or subordinated by new market mechanisms, the traditions underlying the paternalist model were still being embraced by the public and served as grounds for revolt when the customs were breached. Therefore, Thompson (1971, p. 125) claims that 'the point here is not just prices, in time of scarcity, were determined by many other factors than mere market-forces [...] It is more important to note the total socio-economic context within which the market operated, and the logic of crowd pressure.' He goes on to suggest that 'riot was a social calamity, and one to be avoided, even at a high cost. The cost might be to achieve some medium, between a soaring "economic" price in the market, and a traditional "moral" price set by the crowd' (Thompson, 1971, p. 126).

While Thompson focused on British farmers, Scott (1976) based his analysis on Southeast Asian peasants. At the core of his argument is the idea that farmers should be entitled to the most basic needs to survive, or what he refers to as the 'subsistence ethic' (J. C. Scott, 1976, p. 2). He was aware of the incursion of market forces into the rural areas, which would change the political economy and deepen the problem

of exploitation, but, precisely because of this, the farmers would need protection. He claims that farmers have their own notions of justice that are based on reciprocity and the right to subsistence (J. C. Scott, 1976, pp. 160-180). With regard to reciprocity, 'a gift or service received creates, for the recipient, a reciprocal obligation to return a gift or service of at least comparable value at some future date' (Scott, (1976, p. 167). From the perspective of the farmers, whose harvest may vary from year to year, reciprocity means they are willing to contribute more to the landlord during a good harvest, but expect the landlord to provide some assistance during poor years. The expectation of assistance is what Scott (1976, p. 45) calls 'subsistence crisis insurance'.

The work on moral economy by Scott is particularly informative because he highlights the challenges faced by subsistence farmers and suggests why farmers would revolt. The incursion of the state into the subsistence living of farmers affects them in several ways. The new development may affect the tenancy system, that is to say, the relationship between the farmers and the landlords. Moreover, the changes may bring about instabilities due to market conditions. Consequently, if the farmers lose their protection through subsistence ethics, and justice is not served, they will revolt against the system. Using the example of Lower Burma, Scott (1976, p. 76) claims that the 'increasing resort to force by landlords in the Delta reflected the growing resistance to their claims. Each violation of local norms implied a greater reliance on coercion'.

If a state is left with no alternative but to achieve compliance through coercion, then its capacity for social control is very limited, which, in turn, makes the state weaker. Therefore, if there is a moral economy and the Pa-O farmers expect it to be maintained, then the right implementer should be able to deal with the concerns of the farmers, and the state should accommodate this implementer in the final piece of the jigsaw in the triangle of accommodation.

### **2.4.2 The rational peasant: the political economy approach**

The question as to whether there was a moral economy is a matter for further investigation, but there is also a need to examine the issue from a different perspective. Scott sets his premises of rural rebellion on the failure of maintaining the subsistence ethic. However, Samuel Popkin (1979) disagrees by claiming that the conflict started because the farmers wanted to improve their living standards beyond subsistence. In no unambiguous terms, Popkin (1979, p. 3) declares that the moral economists were wrong in their assessment of state-rural relationship because they 'base many of their claims on unsupported or unexamined premises and that crucial parts of their view of peasant institutions are without foundation'. He refutes Thompson's claim of a paternalist model and instead argues that the paternalists, at best, can only be called monopolists (Popkin, 1979, p. 4). He lays the blame on the perceived rationale that pre-capitalist social relations were the moral high ground, and capitalism destroyed such relations (Popkin, 1979, p. 6).

Instead of safety first, as claimed by Scott, Popkin believes that peasants make investments and gamble. As an example, he argues that having children is an investment. Farmers have total control over whether to have an additional child or not. Therefore, before deciding on whether to have a child, there are cost-benefit calculations, and this decision has nothing to do with subsistence. Essentially, Popkin views the decision as a trade-off, paying for the cost of bringing up a child for the return of free labour after the child grows up.

Therefore, here lies the main difference between the moral economy approach and Popkin's rational peasant: Popkin views individual decision making as the main analytical focus, whereas Scott takes the stance of a communal norm. Consequently, Popkin (1979, p. 247) does not believe that the peasant revolts in the first half of the twentieth century had anything to do with a subsistence crisis; in this sense, he states that there 'is no direct relation between short-term subsistence crises and collective action'. He attributes the cause of the revolt to organisational strategies masterminded by political entrepreneurs.

Importantly, Popkin (1979, p. 259) claims that ‘when a peasant makes his personal cost-benefit calculations about the expected returns on his own inputs, he is making subjective estimates of the credibility and capability of the organizer, the “political entrepreneur,” to deliver.’ Hence, there is an expectation of return, but no moral obligations of any sort. To be sure, there is no patron-client relation in the decision-making process when dealing with the political entrepreneur, just calculated risk.

The point made by Popkin is a significant one because it highlights an important issue about the role of the political entrepreneur. To put it into the context of the Pa-O farmers, Popkin would argue that in order to keep the Pa-O farmers appeased, the political entrepreneur, or, in the scheme of Migdal, the implementer, needs to deliver what they want. Crucially though, what these farmers want is not the subsistence ethic but something that is quantifiable in terms of benefits.

### **2.4.3 Reconciling moral economy and the rational peasant**

Even though Popkin may appear to have refuted all the key points made by Scott, there are areas of similarity. First of all, Popkin acknowledges that there was a subsistence crisis, but he argues that what Scott refers to was just a short-run subsistence crisis, whereas his focus is more on long-run subsistence crises, his example of whether to have a child being a case in point. In this sense, Popkin (1979, p. 20) argues that to ‘treat all subsistence crises as the same form of short-run crisis is to brush over the differences in demand-making ability and the ways in which subsistence levels change.’

Furthermore, on the point of the peasants not being risk adverse and taking gambles, Popkin makes this claim based on the peasants already having enjoyed a secure footing. Hence, he states that the peasants ‘often are willing to gamble on innovations when their position is secure against the loss and when a success could measurably improve their position’ (Popkin, 1979, p. 21). Basically, Scott and Popkin are looking at two difference classes of farmers – Scott’s farmers are deprived and struggling under the changing system, whereas Popkin’s are more progressive minded.



The debate on moral economy versus rational decision making is relevant to this research in that the arguments capture the dilemmas faced by Pa-O villagers, many of them who are subsistence farmers looking for justice and the maintenance of subsistence ethics, while others are open to changes because they want to improve their living conditions. Therefore, the research deals with transition at the village level, where subsistence encountered development. To enforce social control at the village level requires the implementer to navigate between the demand for compliance from the top and the call for justice and moral obligations from the bottom. While this section cannot identify the implementer due to a lack of information, it has delineated his job description.

Similar to the previous section on the accommodation of the warlord, the examination of the source of resistance at the local level is not complete. It is not the intention of this thesis to come to a definitive conclusion as to whether Scott or Popkin was correct regarding the assessments of peasant behaviour. Rather, the discussion of their differences helps to inform this research about what the role of the implementer should be, who the final link in the triangle of accommodation is, and where he should locate himself between the state and the Pa-O villagers.

## **2.5 A Brief Summary of the Chapter**

The state-in-society approach has been systematically applied in this chapter to unravel the question of how the military regime implemented social control in a decentralised zone. Following the suggestions of Migdal regarding the necessity to examine the nature of the conflict, the first part of the chapter was devoted to scrutinising the background of the ethnic struggle and the state of affairs when the military regime took charge in 1988. In this regard, the regime faced multi-dimensional challenges from all fronts, i.e. political, economic, and social, which made the state pacification project even more difficult.

Despite this, the regime survived the challenge, which led us onto a discussion of the survival strategy guided by Migdal's triangle of accommodation. There are three layers in the survival strategy: the accommodation of the leaders (the top level), the

accommodation of the warlords (the second level), and, finally, the accommodation of the implementer (the last level). The triangle of accommodation is a prerequisite for the effective administration of social control, which affords a regime the capacity to survive.

In the case of the Burmese military, the accommodation of the leadership was accomplished through sharing the financial windfalls with fellow military officers and was further secured by means of the 2008 Constitution. The accommodation of the warlords was examined through the lens of warlord politics. This part of the chapter sought to resolve the question of whether to see a warlord as an enemy or ally of the state and offered the concept of warlord accommodation as a survival strategy. Moreover, the importance of territory, in terms of being either a frontier or a border, as well as the distinction between a roving bandit and a stationary bandit, was outlined in order to paint the landscape of the emerging political complex. However, issues regarding how to choose the warlord and what constitutes the mechanism of accommodation were left to be examined in later chapters. Finally, this chapter examined the source of resistance in the hope of locating the implementer in the final layer of the accommodation strategy. Caught between the demand for justice and the desire for development, local resistance was framed under the narrative of the theoretical debate between moral economy and the rational peasant. At this stage, there was insufficient information to identify the implementer and how he could achieve the task of social control; despite this, through the analysis, his job description has been outlined, which should help in locating him.

Before moving on to investigate the remaining issues relating to the second and third levels of accommodation, a point on the role of the village headmen that was picked up when assessing the colonial legacy needs following up. The British segregated the Frontier Areas for separate administration and kept the *sawbwas* as the local chieftains, but they replaced the local headmen with their chosen men. This strongly suggests that the British recognised the importance of the headmen. What was the historical role of the headmen? What are their current roles? How did the change in their role affect the patron-client relations with the villagers? To answer these questions requires an examination of the administrative system of the country from

past to present, which is the task of the next chapter.

## **Chapter 3:**

# **The System: The Evolution of the Administrative Arrangement in Rural Shan State**

*The social engineer never starts with a blank sheet of paper; there is already a drawing on the blue print. He must take existing machinery and adjust it to his purpose; he may scrap much of it, but even the most violent revolution does not wholly obliterate the past (Furnivall, 1960, p. 1).*

In writing about the governance of Burma after independence, renowned Burma historian John Furnivall offers the above observation and argues that, despite the departure of the British in 1948, historical practices were still relevant in the governance of the country. His insistence that the past matters matches with Thompson and Scott, because customs and practices (communal norms) are the foundations of the moral economy school, which argues that, despite the incursion of capitalism, rural society still relies on patron-client relations and demands the maintenance of moral ethics and justice.

The rigidity of tradition serves as a good starting point to revisit the question raised in the last chapter regarding the role of the headmen in rural Shan State. During the colonial era, the British left the Frontier Areas alone by maintaining the *sawbwas*, but they replaced the township and village headmen with their trusted people, which indicates that these headmen played an important role in rural society. Therefore, the aim of this chapter is to chart the evolution of the administrative arrangement in rural Shan State and review how social control was maintained, thereby examining whether the role played by these headmen survived the British occupation and the subsequent changes, in addition to ascertaining if the patron-client relations between them and the villagers have been altered in any way. An understanding regarding what practices have been maintained and what functions these headmen held will inform the research about who could have played the role as implementer.

Accordingly, the chapter begins by looking at the pre-colonial social system in the

Shan State under the *sawbwas* (or *saohpa* in Shan).<sup>37</sup> It is important to note that *sawbwa* authority is also applicable to the Pa-O, because they also had their own *sawbwas* (Sai Aung Tun, 2009, p. 341).<sup>38</sup> Yet, even if the *sawbwas* had the authority, what did it mean in terms of political, executive, economic, and social power? More importantly, what was the role of the headmen in this configuration? This was the foundation that the rural administrative system built upon, but how much was obliterated thereafter?

Subsequent changes came in several phases. First was the British colonisation, during which period the system faced exogenous cultural interference for the first time, and the Frontier Areas were segregated from central administration under the British divide-and-rule strategy. Then there was the utopia of democracy after independence and the surrender of authority by the *sawbwas*, only for the hope of transformation to be short-lived, as the military coup in 1962 turned the course of the country towards socialism. By this time, the country was engulfed in internal conflict from warlordism, which was spreading like wildfire. Ironically, during this period, the rural governance system was given breathing space for reorientation and consolidation. It was not until 2008 that the new Constitution finally laid down the vision for the rural administration system, which was subsequently enacted in 2012. With all the changes over different phases in mind, the resilience of the traditional system will be outlined in the following sections.

### **3.1 The Pre-Colonial Administrative Arrangement in Shan State Under Feudalism**

The pre-colonial administrative system in Shan State was mainly feudal. The state was divided among the Shan *saohpas*, who were the rulers of their respective territories (*mongs*). They paid tribute to the Chinese emperors to the east and Burmese kings to the west in order to seek protections. *Sao* in the Shan language means ruler, master, or lord, whereas *hpa* means sky. The *saohpas*, or the lords of the sky, were regarded as descendants from above and therefore carried indisputable and

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<sup>37</sup> *Sawbwa* is in Burmese; in the Shan language, the chieftain is called *saohpa*. The word is used synonymously in the thesis.

<sup>38</sup> Historian Sai Aung Tun notes that Sao Hkun Kyi was a Pa-O and was the *saohpa* who ruled the Hsa Tung Hsi Seng area.

divine authority to rule over their subjects (Sai Aung Tun, 2009; S. Yawngghwe, 2013). Burmese kings had no authority over the Shan States, as noted by Chao Tzang Yawngghwe (1989, p. 85), the son of Sao Shwe Thaik, who was the first president of the Union of Burma and the *Saohpa* of Yawngghwe: ‘there was not even nominal Burman control in the Shan areas at that time’. Similarly, Scott (1901, p. 570) comments that ‘the regular authority of the Burmese kings extended only over the Burmese-Shans, and thus ended at the last Burmese-Shan village, Maingna in the Waingmaw circle’.

The territory of a *saohpa* was organised under the *baan-mong* system, which had three levels of administration. At the lowest level of the administration was the village, known as the *baan* or *wan*, which consisted of fifty to two hundred households. The *baan* was administrated by a *pu kye*, equivalent to a village leader. Several *baans*, consisting of up to around 1,000 households, would be grouped into a village tract called *aing* under the administration of a *pu hein* (village tract leader). Several *aings* would form a *mong*, which was equivalent to a town. This type of classification is consistent with what Edmund Leach (Leach, 1954, p. 114) noted when he was studying the political system in Highland Burma. Whilst the *mong* was directly under the *saohpa*, he would rely on the *pu heins* and *pu kyes* to help him collect taxes and supply necessities to the *saohpa* family (see Figure 3). All the positions of *saohpa*, *pu hein*, and *pu kyu* were hereditary, but the latter two required official approval from the *saohpa*. The eldest son of a *saohpa* became the *kyem mong*, the heir-apparent. Although the title *naw mong* was also conferred on the second son, his position was purely ceremonial, and he had no authority on the administration (Sai Aung Tun, 2009). Whilst the *baan-mong* system was an established political structure within all the domains of the *saohpas*, there was no integration, as each *saohpa* was an individual political unit, and the *saohpas* often fought among themselves over territories (S. Yawngghwe, 2013, p. 89).

Although Shan *saohpas* enjoyed full autonomy within their territories, they were effectively vassals of the Burmese kings. Apart from having to pledge their loyalty, Shan *saohpas* had to contribute towards voluntary services in defence of the king in addition to paying tributes and various forms of taxes as and when required by the

king. In return, the *saohpas* received a letter of appointment, a *sanad*, from the king as confirmation of their status as rulers of Shan, which, more importantly, served as an official endorsement of the right of self-autonomy over their internal affairs. Inter-marriage between the royal court and the sons and daughters of *saohpas* was not uncommon; however, its purpose was mainly political. For the royal court, such marriage served as a guarantee of allegiance from the *saohpa* because his sibling would be held hostage. For the *saohpa*, the royal court marriage was a status symbol, and exposure to the administration system in the royal court helped the *saohpas* to manage their own houses (Sai Aung Tun, 2009).

However, what power did the *saohpas* really hold? In studying the political system in Highland Burma, Edmund Leach (1954, pp. 182-195) contextualises their power in terms of judiciary power, military leadership, their role in economic affairs, their executive function, and religious guidance. However, when dealing with power, one has to be careful; while the overall administrative structure (the village tract system) was the same, different ethnic groups may have had subtle differences when it came to how power was interpreted. Leach's primary focus in his study of the political system in Highland Burma was the Kachins. While he refers to the whole area of his study as the Kachin Hills Area, he notes that the population was under two heads, the Shan and the Kachin (Leach, 1954, p. 1). However, Leach stresses that 'Kachins and Shans are almost everywhere close neighbours and in the ordinary affairs of life they are much mixed up together' (Leach, 1954, p. 2). Moreover, the 'Kachin chiefs, when they have the opportunity, model their behaviours on that of Shan princes (*saohpa*)' (Leach, 1954, p. 213). It is clear that Leach was aware of the danger of mixing up the political system of the Shan and Kachin. Indeed, where the practices were different between the Shan and Kachin, Leach makes certain to inform readers of the differences. Therefore, when examining the power and authority of the chiefs in Shan State, unless Leach makes a specific distinction between the Kachin and Shan, it is reasonable to assume that the practice was the same for the two ethnic groups, at least as far as Leach is concerned.

Bearing in mind the similarities and dissimilarities of the political systems of the Kachin and Shan, on the issue of judiciary power, Leach points out that the Kachin

(although, since he does not make specific reference to the Shan, the same should arguably apply to the latter) had no concept of a judge – disputes were seen as debts that should be settled by arbitration, with the chief (*saohpa*) as the arbitrator because he was deemed to have a vested interest in the outcome. In other words, a dispute would be resolved by negotiated settlement (Leach, 1954, pp. 184-185). This practice had important implications for the social structure of ethnic society because, in the absence of the rule of law, people would have to rely on patron-client relations for protection.

In terms of military leadership, here, Leach draws a crucial difference between Shan and Kachin. Whereas Kachin chiefs were not organised on a territorial basis, Shan chiefs, as a whole, worked as a large community to fend off external enemies (Leach, 1954, pp. 185-187). Having the capacity to pull together against foreigners made the Shan resemble more like a political unit, and the authority of the *saohpas* could be derived from this political unit.

From the perspective of the chief's role in economic affairs, Leach provides two significant observations regarding the power of the chiefs, one on the nature of tribute and the other on the rights to collect tribute. Leach makes the point that tribute was like a debt that carried a responsibility to settle a matter. Therefore, receiving a bigger debt did not make the *saohpa* economically more powerful but simply increased his obligation in proportion to the debt. To be sure, the culture of patron-client relations is embedded in Shan society. On the second point regarding the rights to collect tribute, Leach makes a very important distinction between tributes that consisted of consumption goods and cash or rice. Normal consumption goods, such as meat, would not enhance the economic power of the *saohpas* because, being the chief, they had more official functions that required food in order to host guests. In contrast, if Chinese traders passed through a village and had to pay cash to the *saohpa* for protection, this would be translated into real economic power. Leach notes that the village headman did not receive any cut from this form of cash tribute. This leads him to argue that the *saohpa*'s right to collect tributes from travelling merchants indicated the special concept of land rights, that the *saohpas* were the only



landowners of the territory.<sup>39</sup>

On the question of executive power, Leach makes a very bold claim regarding authority in Shan society: '[The] Shan [...] leader should himself distain to take an active part in day-to-day administrative affairs' (Leach, 1954, pp. 188-189). Indeed, Leach claims that, before the British arrival, the chiefs did not take on any executive functions, and even during the colonial era, their role was simply as an agent for the British. Instead, the real executive power was vested in the village headman. It was very clear that this statement applied to the Shan *saohpas* because Leach stresses that 'the influence of common *bawmung* (meaning leader and referring to village leader) was most pronounced in the wealthiest chiefdoms, where the chief was most obviously aping the manners of a Shan prince' (Leach, 1954, p. 189). In this sense, according to Leach, the men who were responsible for the day-to-day administration of the chiefdom were the village headmen and not the chief. This view is also shared by Furnivall (1957, p. 30).

Finally, in Leach's contextualisation of authority, he explains that the position of the chief was not a priestly office; he merely performed a ritual function. The right to offer sacrifice was exclusive to the chief, but he would have to employ a priest to perform the official ritual (Leach, 1954, pp. 189-190). Therefore, the religious power of the *saohpas* was symbolic rather than actual. After the *saohpas* lost their office in 1959, the people turned to the Buddhist monks for spiritual guidance (Spiro, 1982).

From what Leach describes about the political system in Highland Burma, and in cross-referencing this information with other authors on the same subject, there are several key aspects of the administrative structure that need highlighting. First, what actual authority did the *saohpas* possess? Their position was hereditary and could not be challenged. They had the right to receive tribute because they were the owners of the land, and they had the exclusive right to offer sacrifices. However, beyond these

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<sup>39</sup> The questions then become, after the *saohpas* surrendered their hereditary rights in 1959, who owned the land and who could collect tributes from travelling merchants? This leads to questions regarding land ownership and the subsequent disputes on land grabbing and illustrates why the issue is so difficult to resolve, as it is not simply about receiving adequate compensation. The problem has to be understood in terms of how the Shan people viewed the concept of 'land'. According to Leach (1954, p. 213), the Shan people were attached to the land they lived on rather than their lineage or clan.

authorities that were linked to their birth rights, the actual authority of the *saohpas* was very limited. Rather, the day-to-day administration was left with the village headmen. The power and authority of the *saohpas* may be lost as a result of change in the regime, but this does not mean that the social structure at the local level will be changed overnight. How much is lost, and, more importantly, how much has been retained, thus become extremely relevant in the ongoing discussion of power construction in Shan State.

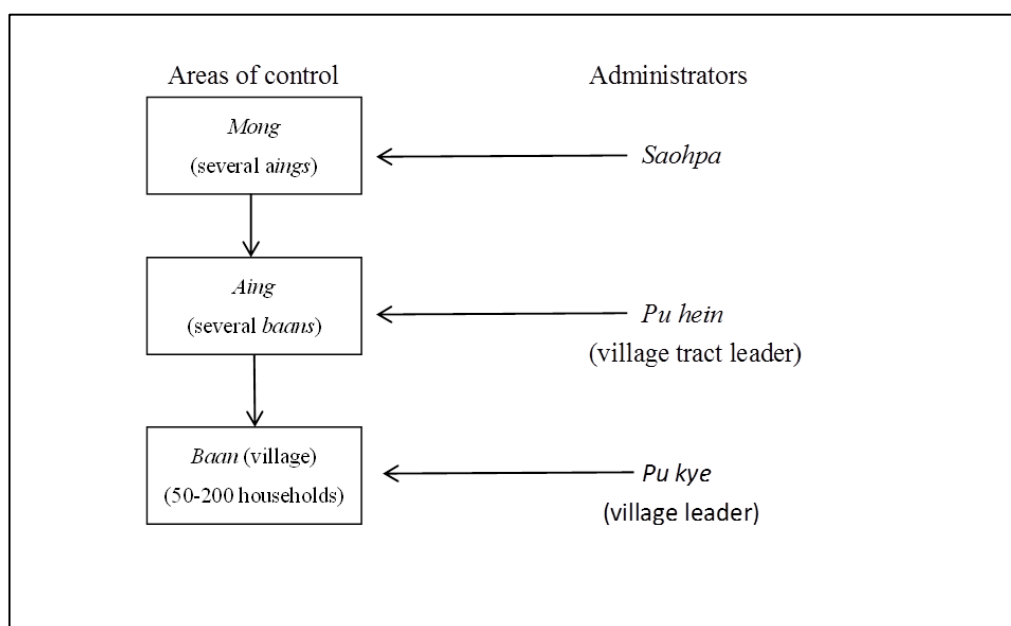


Figure 3: The baan-mong administrative system

### 3.2 Divide-and-Rule Under the British Occupation 1886–1948

The British occupation in Upper Burma started in 1886 after the Third Anglo-Burmese War and ended in 1948 when Burma achieved independence.<sup>40</sup> There are two conflicting accounts of what happened to the power of the *saohpas* here.

According to Sai Aung Tun (2009, p. 151), a historian and former vice chairman of the Myanmar Historical Commission, the Shan chiefs needed to surrender their sovereign rights as well as autonomous rights after the British annexed Upper Burma. However, according to Kyaw Win et al. (1999a, p. 5), the Upper Burma

<sup>40</sup> Between 1886 and 1937, Britain ruled Burma under the Province of British India. Burma was only made a direct British colony in 1937 to 1948. During the Second World War, the Japanese occupied Burma between 1942 and 1945, but they never had control over the entire country; hence, technically, Burma was still a British colony during the war years.

Laws Act of 1886 (Section 8) specifically made the provision ‘to exclude them (Shan States) from the operation of any Act which was not specially extended to them’. Moreover, the *saohpa* system was given legitimate recognition under the Shan States Act in 1888 (Kyaw Win et al., 1999, p. 6). To support their argument, Kyaw Win et al. (1999) refer to a note the Lieutenant-Governor of Burma, Sir Reginald Craddock, sent on 18 May 1919 to the Governor of India, stating that ‘the inhabitants of these areas are totally unfit to take part in any form of government other than the government through the agency of the Chiefs’.<sup>41</sup>

Both accounts are not necessarily contradictory. What is apparent is that a carrot-and-stick policy was implemented to pacify the *saohpas*. Upon annexing Upper Burma, the British granted a *sanad* to the complying *saohpa* to reconfirm his status as ruler of his subjects, but the *sanad* contained two salient features that would alter the power dynamics within the Shan State. First, the proprietary rights of natural resources, such as forest, mines, and minerals, were wrested out of the hands of the *saohpas*. The new rule required them to obtain an operation license from the government, for which they needed to pay annual royalties. The *saohpas* could still sublease the license to their former clients, but, in order to recuperate the royalties, the fees would be much higher, which therefore undermined the former patron-client relations. Second, the Burma Act of 1898 provided for the appointment of two superintendents to overlook the Northern Shan State and Southern Shan State. The *saohpas* were required to keep an agent (assistant to the superintendent) in their headquarters as an informant to the government (Sai Aung Tun, 2009, p. 166). In 1922, a federated system was introduced to the Shan State under Notification No. 31. The Federal Council became the highest organ for Shan administration. Therefore, while the *saohpas* maintained their status, as Kyaw Win et. al. (1999) claim, their sovereign rights had been substantially curtailed, as Sai Aung Tun (2009) notes.

Effectively, the British had erected a superstructure above the traditional administrative system in Shan State. Before the colonial period, the *saohpas* had full autonomy within their territories. However, after Shan State became the Federal

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<sup>41</sup> “Minutes on the Administration of the Shan States by Sir Reginald Craddock”, 22 May 1920, HDR Accession No. 9953, p. 105, as cited in (Kyaw Win et al., 1999a, 21).

Shan State in 1922, a Federal Council chaired by a commissioner appointed by the Chief Commissioner in Rangoon was established to overlook Shan affairs. Furthermore, the state was divided into southern and Northern Shan State, with each having a superintendent in charge. The Federal Council Commissioner would be assisted by a Vice President, who was the superintendent of the Northern Shan State. There would also be a Secretary, with the assistant to the superintendent of Northern Shan State assuming the role (Sai Aung Tun, 2009, pp. 163-188; Taylor, 2009, pp. 92-99). Consequently, with this superstructure placed above the traditional authority, the line of direct communication between the *saohpas* and the British government was severed (see Figure 4). This led Samara Yawngghwe (2013, p. 90), whose grandfather was Sao Shwe Thaike, the first president of the Union of Burma and a *saohpa*, to say: ‘Despite their “full autonomy”, the Saohpas and Shan rulers had to obey the resident British officers, supervisors, Superintendents, Residents and Commissioners, all of whom ranked higher in terms of access to the power centre, in this case Britain.’

Indeed, the view that the British alienated Upper Burma during the colonial period by separating the administration from the centre requires clarification. Based on archived materials, which show the administrative structure of Burma from 1886 to 1942, it is evident that the British had intensified and rationalised the administrative system in Shan State during their tenure. In the early colonial period of 1886 to 1897, there was only one superintendent in charge of Shan State. In 1888, an assistant superintendent was added to assist him. However, by the middle stage of the colonial period, from 1897 to 1922, the administration of Shan State had been divided into Northern Shan State and Southern Shan State. Both the north and south had one superintendent each, but, importantly, the Northern Shan State superintendent was assisted by six assistant superintendents, and his southern counterpart was assisted by seven assistant superintendents. Towards the end of the colonial period, from 1937 to 1942, the number of assistant superintendent increased to nine for both the northern and Southern Shan States (National Archives Department of Myanmar, 2014, pp. 118-120).

Why would the British want to intensify and rationalise the administrative structure

in Shan State when leaving it to the *saohpas*, as in the pre-colonial period and as suggested by Sir Craddock, could equally suffice? Robert Taylor (2009, p. 93) provides the answer by pointing to the British ‘belief that rationalisation of their administration carried the promise of beneficial rewards for the state in trade, taxation, and improved security.’ However, in order to make it a profitable project, something had to give, and it was at the expense of the traditional patron-client relations.

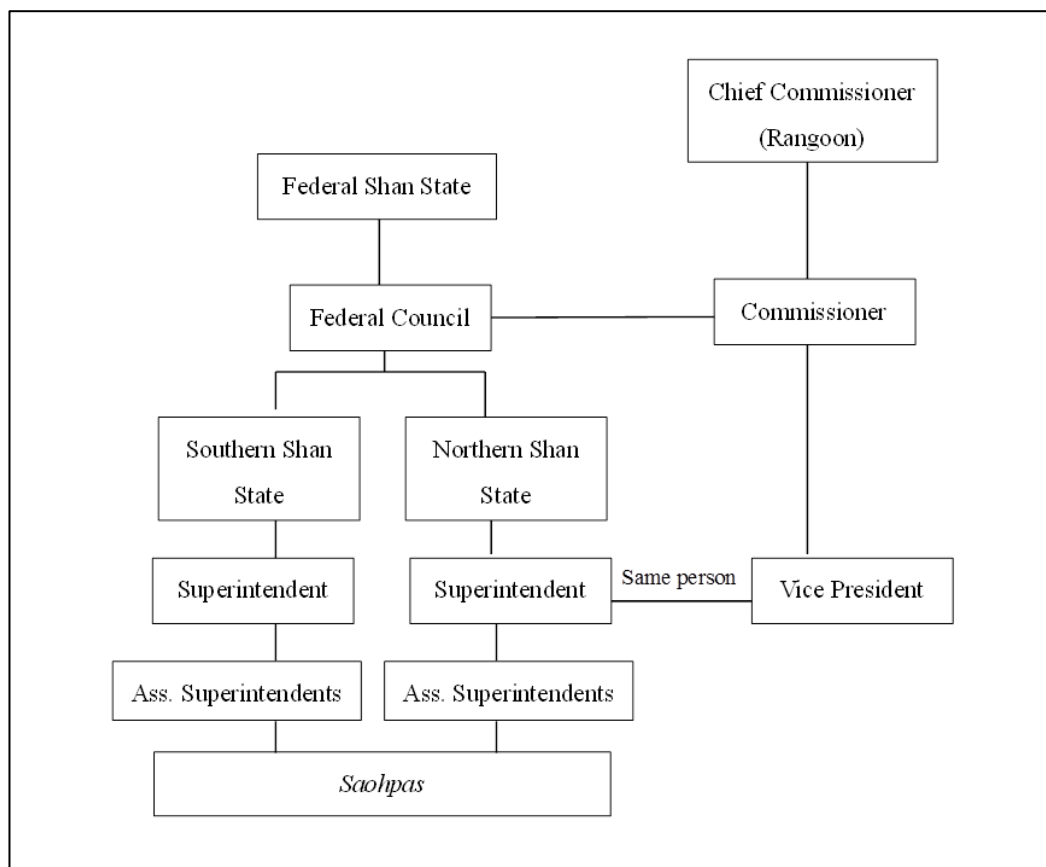
The long-term effect of overturning the decentralised administration structure established during the pre-colonial period was three-fold. First, when the *saohpas* accepted the *sanads*, they essentially consented to the British to draw boundaries in their domains that had never existed before (S. Yawngnaw, 2013, p. 90). This process led to the redistribution of land and caused much resentment among the farmers who lost their land, but there was nothing their traditional patron, the *saohpas*, could do to protect them.

This leads to the second point, as it caused a breakdown in the patron-client relations between the *saohpas* and their subjects. Before the British arrived, the *saohpas* enjoyed absolute autonomy over their territories. However, when the British attempted to introduce a more structural form of administration that enabled them to better exploit the resources in the region, the new polices destroyed the traditional patron-client relations between the Shan chiefs and their people. Policies on public work, education, health, forestry, and agriculture were centralised under federal control. Thus, on the one hand, the villagers had to pay taxes to support the livelihoods of the *saohpas* and their extended families, while, on the other hand, they received no returns because their welfare was no longer in the hands of their former patrons.

Moreover, the *saohpas* lost their power as arbitrators. William Hackett points out that one of the most important ideas the British brought to the villages of Shan State was the concept of justice (Hackett, 1953, pp. 493-494). Whereas, in the past, it was considered a debt and the *saohpas* had full power over the arbitration result, the superintendents of Shan State were instructed to modify the customary law to bring it

more in line with British practice that emphasised justice and equality. Consequently, in the past, when a man fell afoul of the *saohpa*, if ‘he was without influential friends’, he would be ‘taken into custody, tried, and convicted, and fined, imprisoned, or executed without due process of law’ (Hackett, 1953, p. 494). However, after the British introduced justice at the local level, the *saohpas* would not dare wield their power.

Consequently, it was not just the patron-client relations between the *saohpas* and their subjects that were severed during the British occupation; the realignment of control closer to the centre also undermined the divine rights and authority that the *saohpas* commanded on their people, with disastrous implications on the hereditary rights of their successors. If the *saohpas* legitimacy to govern did not really come from the fact that they were ‘lords of the sky’, and their authority could so easily be removed from them, then what legitimacy would their siblings have with regard to inheriting the chieftain position?



**Figure 4: The administrative system in Shan State during the colonial period**

Therefore, the legacy of the British on the administrative system in Shan State was far-reaching. They introduced the concept of boundaries to Shan State, and because the *saohpas* could no longer be the arbitrators of land disputes, it can be argued that the British ushered in the problem of land ownership that exists to the present day. They wrecked the traditional links between the *saohpas* and the Shan and called into question the automatic right of their succession. Together with increasing cries from ethnic minorities across the country for democracy and self-determination, the *saohpas* finally gave up their hereditary rights in 1959.

### **3.3 Approaching the End of the Feudal System in the Post-Colonial Period to 1962**

After the successful conclusion of the Panglong Conference in 1947, the country geared up for independence. The administration in Shan State was also reformed in order to reflect the impending changes. A new political institution, the Shan State Council, was formed on 21 April 1947. The council was made up of sixty-six members; the thirty-three *saohpas* were automatic members, while the rest were society elites. The council was vested with legislative, executive, and financial powers. The government of Shan State was also formed to implement the resolutions passed by the council. The Shan State government was headed by the president based on the nomination of the prime minister and after consultation with the Shan State Council. The president had full executive power and was the sole authority in the administration of Shan State affairs (Sai Aung Tun, 2009, pp. 327-328).

Whilst major structural changes were taking place at the state and regional levels, subtle political manoeuvres were also taking place in the *saohpas*' domains. Being sidelined by the British after the appointment of two superintendents for Northern and Southern Shan States, the *saohpas* took advantage of the Japanese occupation to reassert their authority at the local level. In the brief absence of the British during the Second World War, the *saohpas* quickly reinstalled the positions of provincial officers, such as *myosa* and *hein*, and, at village level, the positions of *pu kye*. Essentially, there were two administrative systems being run at the same time: one was operated by the Shan State government, which had the support of the central government, and the other was the traditional form run by the *saohpas* within their

own territories. However, this dual system was very ineffective and inefficient. For instance, in terms of finance and budget, the Shan State Council and the *saohpas* kept two separate books. The *saohpas* were required to pay 25% of their revenues to the Shan State government, but only Keng Tung State managed to fulfil its obligation. Moreover, the *saohpas* kept their own police force, but law enforcement was restricted to within their domains, thus making cross-boundary crime very difficult to police (Sai Aung Tun, 2009, pp. 329-330). It became apparent to everyone that reform in the administrative system in Shan State required urgent attention if democratisation was to take root.

At the same time, an anti-feudalism movement was also gathering momentum in Pa-O. To underpin their desire for self-determination, they formed the Pa-O National Association in September 1950, with U Po Khin as the first president and U Pyu as the secretary. In order to pacify the Pa-O, both U Po Khin and U Pyu were made members of the Shan State Council. However, the co-optation did not work, as about 4,000 Pa-O protested in Taunggyi, the capital of Shan State, on 11 December 1950, demanding democracy.

In a somewhat unexpected turn of events, the *saohpas* announced they would surrender their rights in 1952. There were different accounts as to why the *saohpas* were willing to give up their hereditary rights and the authority that came with it. Most historians give credit to the *saohpas* for supporting democracy (Sai Aung Tun, 2009, p. 361). However, it is necessary to understand the transfer of power from a different perspective, which sees the *saohpas* in a less benevolent light.

After the Second World War, China was caught up in a civil war between the KMT and the Communist Party of China (CPC); the latter eventually won, and the KMT was forced to escape across the straits to Taiwan. However, some remnants of the KMT did not join the main force in settling in Taiwan; instead, they encroached into Shan State and waited for an opportunity to recapture China. To finance their operation, they recruited Shan natives for troops and engaged in trading narcotics. Many Shan farmers began to grow opium for the money, and the easy access to opium resulted in many more locals being addicted to drugs, which became a vicious



circle. Furthermore, the presence of the KMT remnants attracted the incursion of communist China into Shan State, causing many local casualties (Lintner & Black, 2009). The inability and helplessness of the *saohpas* was one of the main reasons why drastic reforms were needed to prevent Shan State from sinking into total disorder. Indeed, according to an informant, who was 91 at the time of the interview and was a member in the Shan State Council before the 1962 coup, the *saohpas* had no option but to concede their hereditary rights because they were not ‘welcomed’ by the local people and were seen as an ‘obstacle’ to the central government. The informant added that ‘they [the *saohpas*] demanded a lot of money from the government’.<sup>42</sup> In the final agreement reached on 29 April 1959, each *saohpa* was given a lump sum, equivalent to 15 years his annual revenue, in return for surrendering his hereditary rights.

The relevance of considering this alternative reason for the *saohpas* to surrender their hereditary rights is the respective implication on the local administrative system – the *baan-mong* system. If the *saohpas* were really embracing democracy to the extent of surrendering their rights, then the logical implication would be the abolishment of the *baan-mong* system, which relied on patron-client relations, and having a more accountable system based on representation put in its place. However, if the surrender of their rights was more to do with external pressure and was beyond their control, then it would be questionable that there would be any genuine attempt to abolish the *baan-mong* system.

The truth probably lay somewhere in between. In the same year, when the *saohpas* announced that they would surrender their hereditary rights, a National Welfare Conference was held to discuss plans for the decentralisation of power and democratisation of local administration. As a result of the conference, the Democratic Local Government Act was introduced in 1953, under which a village council made up of five elected members was established. The objective of the village council was to promote bottom-up planning in support of township administration (United Nations Development Programme, 2015, pp. 13-14). This prompted constitutional lawyer U Maung (1961, p. 138) to note that ‘today the

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<sup>42</sup> Interview on 25 March 2015.

headman is the servant of the villagers and the Township Officer is the servant of the local politicians, and so it goes, step by step, up the hierarchy'. The Democratic Local Government Act, together with the surrender of hereditary rights by the *saohpas* certainly seems to support the argument that there was genuine desire for greater democracy at the local level. However, in what form and substance did these new initiatives take?

Apart from the elites who enjoyed hereditary positions, most of the villagers were farmers who did not receive any education. From Leach's account of the political system in Highland Burma, it is apparent that the villagers never had any experience in administration. Therefore, even though allowing a village to elect five representatives to form a village council may have been done with good intentions, there was a capacity problem in that these five representatives simply did not know what the role was and what was expected of them. The only person in a village that had any experience in administration was the village headman. Therefore, the village council could easily be manipulated so as to rubber stamp the village headman's decisions. Moreover, the village council became the battleground for local power politics. The AFPFL had been fragmented and the communist side threatened to murder village council members who were not their choice (United Nations Development Programme, 2015, p. 14). Therefore, while the form of a representative administrative system was in place, the substance remained trapped within the historical construct of the village headman's control.

Between April 1959 and the military coup in 1962, there was a void of information regarding whether the *baan-mong* system was still in place. The work by Sai Aung Tun on the history of Shan State up to 1962 makes no mention of the system, nor any other systems to that effect. However, even though the *saohpa* hereditary system was abolished, it appeared that the village tract order was still in place. In her work discussing the role of the Shan in maintaining the Union of Burma, Samara Yawnghwe (2013), whose grandfather was Sao Shwe Thaik, the first elected president of the Union of Burma, describes a local funeral to illustrate why the locals hated the *Tatmadaw*. She quotes her mother, Sao Hearn Hkan, daughter of the *Saohpa* of North Thaik, saying that a group of villagers had been stopped by the

*Tatmadaw* during a funeral procession. Since the soldiers did not speak Shan, they mistook the procession for a group of bandits and took the village headman away and tortured him (S. Yawngghwe, 2013, pp. 205-206). This account refers to a period after the *saohpas* had surrendered their power, as Sao Hearn Hkan goes on to mention that the villagers were very angry with the soldiers and went to her and asked for weapons to fight back. She explained to the villagers that her brother, the *Saohpa* of Hsenwi, had given up all their weapons to the army as a sign of good faith (Yawngghwe, 2013, p. 206). While this account may not be conclusive evidence that the village tract system had survived the removal of the *saohpas*' hereditary succession, it underlines the continued patron-client relations between the villagers and their headman, and the fact that the bond was still very strong because the villagers were willing to fight on the headman's behalf at the risk of their own lives.

### **3.4 The Return of the Village Tract System after the Military Coup in 1962**

If there was any chance of some form of democratisation of local governance being in place after the *saohpas* surrendered their hereditary rights, this was soon dispelled after Ne Win seized power in 1962.<sup>43</sup> The 1947 Constitution was immediately abolished following the coup, and the Democratic Local Government Suspension Act was introduced in 1964. The implication of the act was as literal as it could be, i.e. putting a halt to any form of democratisation of administration and placing all local governance firmly within military control. Conversely though, in an indirect way, the act secured the role of the village tract system, which was being marginalised under the village council system (United Nations Development Programme, 2015, p. 15).

Another significant development after the coup was the establishment of the Burma Socialist Programme Party (BSPP), and the banning all other political parties, as commanded by Ne Win. All government officials had to be members of the party. Therefore, when the 1974 Constitution was introduced and People's Councils were set up at all levels of government administration, the People's Councils at the village

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<sup>43</sup> Although Ne Win took power from U Nu in 1958, it was not considered a coup, as U Nu voluntarily asked the military to step in to form a temporary caretaker government amid increasing social unrest that could damage national security.

level were all made up of BSPP members. The United Nations Development Programme (UNDP) (2015, p. 16) report suggests that the councils provided the opportunity for the local people to participate and voice their opinions, therefore ‘providing a form of rudimentary accountability mechanism within the state structure’. However, according to Robert Taylor (2009, pp. 330-331), the People’s Councils ‘*were essentially extensions of the central state’s administration.*’

Indeed, this form of state-party dominant structure set the pattern for the development of future local politics. When the multi-party system returned, the state did not relinquish control but simply employed a different agent to execute central policies. This contradicts the point made by the UNDP (2015, p. 16) that ‘at the township and village levels, however, the People’s Councils gradually became more genuinely participatory bodies’. If this form of grassroots participation existed in local politics during the Ne Win era, which spanned 26 years from when he staged the coup in 1962 to when he resigned as party chairman in 1988, then there must be some form and substance that can be traced in the subsequent political system reflecting public participation after the rule of the BSPP. Yet, in interviews with villagers and village headmen, no-one supported the idea there was any form of bottom-up participation in the period of 1988 to 2011.<sup>44</sup> Indeed, the UNDP (2015, p. 17) also notes that, during the SLORC and SPDC era, ‘on the level of local governance, no elections were held and all positions were appointed by the SLORC, with military officers taking up many positions especially at district level’. The latter statement by the UNDP does not necessarily contradict its earlier statement regarding people’s participation; it merely exposes the authoritative nature of local politics in that all officials, whether ethnic SAZs or not, were simply agents of the state. The People’s Council was made up of people appointed by the state, and this is one example where the form and substance did not match, i.e. the People’s Council was supposed to be representing the people but, in reality, the members were appointed by the regime and acted in its interest.

The UNDP report also leaves an interesting puzzle unanswered. It states that, under the SPDC, administration of the state was divided into four levels. The first level was

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<sup>44</sup> The interviews were conducted in two villages on 7–8 January 2015.

‘state and division’, which was headed by military commanders or senior military officers. The second level of administration was the ‘districts’, which were also headed by field grade military officers. The third level of administration was ‘townships’, which were headed by township officers from the General Administration Department (GAD) formed in 1988 (Kyi Pyar Chit Saw & Arnold, 2014, p. 10). Finally, the bottom level was the ‘wards and village tracts’, which were headed by ‘reputable persons in the locality’ (United Nations Development Programme, 2015, p. 17). Who exactly were these ‘reputable persons’? How were they appointed? Most importantly, what was their role in the grand scheme of state control at the local level?

In these questions, we can find the clues to locating the nexus of power in the transition between macro co-optation policy and micro-level control. The state administrative system has undergone several changes, with new institutions being set up only to be replaced by the next governing regime. Some institutional structures only existed in form while lacking substance, whereas some century-old practices have survived the changes. The 2008 Constitution, which has been implemented since 2011, represents a sharp departure from the rules under the military regime. However, has it really changed the form and functions of the local institutions?

### **3.5 The Self-Administered Zone Given Statutory Status Under the 2008 Constitution**

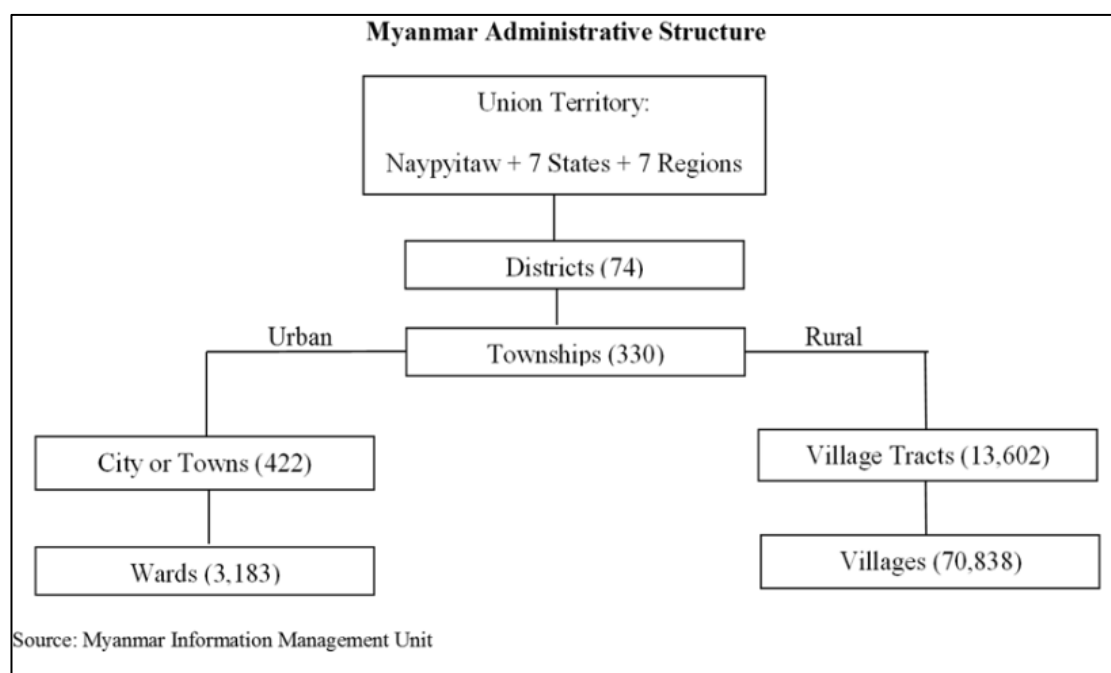
The new Constitution provided for the separation of the three branches of sovereign power (i.e. legislative, executive, and judiciary powers) at all levels of the state structure from the Union to Regions and States (Sections 199 (a) (b)) (Constitution of the Republic of the Union of Myanmar, 2008). Accountability and representation appear to be the essence of the Constitution.

Under Section 51, the hierarchical administrative structure of the Union is divided into several layers as follows (see Figure 5):

- a) Villages are organised as a village-tract;
- b) Wards are organised as a town or township;

- c) Village-tracts and wards or towns are organised as a township;
- d) Townships are organised as a district;
- e) Districts are organised as a region or state;
- f) Townships in a Self-Administered Zone are organised as a Self-Administered Zone;
- g) Townships in a Self-Administered Division are organised as a district, and such districts are organised as Self-Administered Divisions;
- h) If there are Self-Administered Zones or Self-Administered Divisions in a region or a state, those Self-Administered Divisions, Self-Administered Zones and Districts are organised as a region or state;
- i) Regions, states and Union territories are organised as the Republic.

However, when it comes to ward and village administration, forms of the past are definitely familiar. Section 289 provides that ‘administration of wards or village-tracts shall be assigned in accord with the law to a person whose integrity is respected by the community’. This is the same as leaving it to the ‘reputable person’ as in the previous regime. There is no mention of how this ‘reputable person’ should be selected, i.e. by election or by selection?



**Figure 5: Administrative structure after the 2008 Constitution**

### **3.6 Development Since 2011: The Enactment of the Village Tract System**

The ambiguity in the selection process of the village-tract administrator was clarified in February 2012 when the Ward and Village-Tract Administration Law was enacted by parliament. The new law stipulates that the administrator needs to be elected in an indirect process. Within the ward or village tract, heads of households are grouped into clusters consisting of ten households, then ten household leaders will be elected by secret ballot, and finally, these ten household leaders will nominate a candidate among themselves by secret ballot. The ‘election’ process is supervised by a panel consisting of five *ya mi ya pha* (village elders), who are appointed by the township administrator.

It is important to note that these elections do not fall under the authority of the Union Election Commission. Instead, the GAD, under the Ministry of Home Affairs, is the body in charge of supervising the election (United Nations Development Programme, 2015, p. 21). Section 260 of the Constitution provides that the ‘Head of the General Administration Department of the Region or State is the ex-officio Secretary of the Region or State Government is concerned. Moreover, the General Administration Department of the Region or State is the Office of the Region or State Government concerned’. Since it is constitutionally bound, under Section 232 (b)(ii), for the head of the Ministry of Home Affairs to be a military officer appointed by the Commander-in-Chief of the Defence Forces, local elections at wards and villages are, effectively, still under military control. Consequently, as the UNDP (2015, p. 23) report notes, ‘the 2008 Constitution does not provide for any statutory delegation of powers to bodies of local self-government or any specific model of setting up elected/representative bodies at the local level’.

However, as reported in *The Myanmar Times*, village tract administrators are increasingly taking on important responsibilities, such as identifying development projects, providing recommendations to the development support committee, and overseeing the implementation of these projects. They also chair the local land management committee, which provides them with exceptional power in determining

the outcomes of land disputes.<sup>45</sup> Their power has been increased, but without a corresponding increase in accountability.

Another major development in local administration took place in 2013, but this time it was not through the regional government but by direct decree through Presidential Notification 27/2013 (issued on 26 February 2013). Making reference to Section 36 (a) and (c) of the 2008 Constitution, the notification aims to ‘promote the development of national economy in collaboration with regional organisations and private individuals, and to strive to improve the economic, social and living standards of the people’.<sup>46</sup> Under the notification, the Self-Administered Divisions or Zones had to set up the Ward or Village Tract Development Support Committees by 31 March 2013. The recommendations of the Development Support Committee still needed to be implemented by the GAD; however, the notification can also be seen as legitimising the collaboration between private enterprises and local government on local governance.<sup>47</sup> At the same time, the notifications paved the way for civil society groups to participate in the development of the Self-Administered Zones.

### **3.7 The Current Status at the Village Tract Level**

It is important to note that these new administrative structures are designed for the delivery of public services, such as education, health, and transportation, to the local areas. The aim is to match the state development goals with local development needs. With the Ward and Village Tract Administration Law in force, village tract leaders now carry the official title of village tract administrators. However, what authority do they really possess? More importantly, has the traditional patron-client relationship that was established between the village tract leaders and the villagers been replaced by the Development Support Committee?

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<sup>45</sup> Kempel, S. (2016, February 24). Myanmar’s forgotten local elections. *Myanmar Times*. Retrieved from <https://www.mmmtimes.com/opinion/19009-myanmar-s-forgotten-local-elections.html>

<sup>46</sup> Presidential Notification No. 27/2013. Retrieved from [http://www.burmalibrary.org/docs21/2013-02-Notification\\_No.27-2013-Township&Ward&Village\\_Tract\\_Development\\_Support-Committees.pdf](http://www.burmalibrary.org/docs21/2013-02-Notification_No.27-2013-Township&Ward&Village_Tract_Development_Support-Committees.pdf).

<sup>47</sup> As defined in the UNDP report, local government ‘refers to specific, semi-autonomous institutions or entities created by national or state constitutions, legislation of a higher level of government or by executive order to deliver a range of specific services to a geographical area’, whereas local governance is deemed to represent the ‘local-level formulation and execution of collective action’ (United Nations Development Programme, 2015, 26-27).



Before addressing these questions, one issue needs clarification. Although village tract administrators now carry an official title, they are not civil servants. They are not on the payroll of the regional government. Chapter XII of the Ward or Village Tract Administration Law stipulates that the village tract administrator will receive a monthly subsidy and a lump sum subsidy after completing his term of office, which is the same five-year term as the regional government, up to a maximum of three terms (Chapter IV, sub-section 9). During separate interviews with three village tract administrators, the question of whether they were paid for their job as village tract administrator was put to them, and they all replied that they were not. Two of them went on to say they could claim for out-of-pocket expenditure, such as traveling and printing, but none of them mentioned anything about the monthly subsidy and the end-of-term lump sum payment provided under the law.<sup>48</sup> In fact, all of them were reluctant to talk about the remuneration they were entitled to.

These village tract leaders, or administrators as they have subsequently been called, have always performed the function of liaising between the sovereign (the *saohpas*, the superintendents under the British, and other regimes since independence) and the villagers. As the UNDP report notes,

*the new 'Ward and Village-Tract Administration Law', which was prepared by the Ministry of Home Affairs and regulates the operation of state administration at the local level below townships, essentially extends the system of village tract and ward administration already foreseen in earlier versions of the law for the past century, in that it places the overall authority under a Village Tract/Ward Administrator* (United Nations Development Programme, 2015, p. 32).

This UNDP statement is consistent with the information obtained from the interviews. When asked if there had been any changes in what they had been doing during their time as village tract leaders/administrators, all three separately replied that there had been no change, while a similar answer was given by a director of the

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<sup>48</sup> The interviews were conducted on 7 January 2015, 25 March 2015, and 7 November 2015.

There has always been a lack of a precise job description relating to the actual function of village tract leaders. However, if their function has not changed for a century, as the UNDP report notes, then the Ward or Village Tract Administration Law 2012 provides vital clues as to what is expected of them. Under Chapter VII, Subsection 13(a)–(f), the functions and duties of village tract administrator are spelled out in detail. Apart from the expected duties, such as maintaining law and order within the village tract, there are some interesting ‘job descriptions’ in the chapter. Some are quite trivial, such as Subsection 13(f) requiring the administrator to submit comments on whether permits should be granted for public ceremonies; 13(i) empowering the administrator to grant permits for using loudspeakers; and 13(j) asking for comments regarding permission to establish businesses with billiard tables or for entertainment. Of course, in the old days, there were no loudspeakers or billiard tables, but the fact that the 2012 law spelled out these petty duties underlines the authority of the village tract leader/administrator both in the past and at present. These duties may seem trivial, but from the perspective of the villagers, if someone wants to open a billiard room or karaoke for business, the village tract leader/administrator’s comments could decide whether he/she is able to fulfil his/her entrepreneurial ambition.

There are some serious duties as well. Subsection 13(l) confers the rights for the leader/administrator to search gambling houses, while Subsection 13(n) allows for the examination of any place for upholding the law. Given that many Shan villages grow opium, which is prohibited by the law, the right to search whenever and wherever necessary provides plenty of rent seeking opportunities, especially when the right is exercised in conjunction with 13(z), which requires the village leader/administrator to collect land revenues on behalf of the government.

This review of the early political system to the present day strongly suggests that the position of the village tract leader/administrator has been strongly entrenched in the

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<sup>49</sup> Interview on 4 September 2015.

rural system. Moreover, because this position is the main conduit between the ruling authority and local villagers, the village tract leader/administrator holds the key to the effective implementation of policies. That is to say, the state capacity relies on their abilities to execute the functions of penetration, regulation, extraction, and attribution. However, there are still some questions in need of clarification. Firstly, whose interests are the village tract leaders/administrators serving? Secondly, how do they fit into the role of the implementer within the triangle of accommodation suggested by Migdal? Finally, if the village tract leaders do have the power, in what shape or form is this power being exercised?

These questions pave the way to answering the core research question regarding how the regime maintained control after decentralised authority. The centre holds much needed information about how the village tract leaders exercise their power in order to ensure that the villagers conform and comply, i.e. to maintain social control. However, in order to exercise the power, the political economy needs to facilitate the village tract leaders, while the political economy, in turn, needs to be constructed and understood in terms of the political structure of the emerging political complex in the Pa-O SAZ. In this regard, it is like peeling an onion, in that one skin needs to be removed before revealing the next. Therefore, the political structure will be delineated in the next chapter, followed by a chapter examining the political economy under such a structure. This should then inform the research so as to begin resolving the remaining questions regarding how the village tract leaders fit into the role of implementer in the final accommodation process, and how the power vested with them can be contextualised.

## **Chapter 4:**

# **The Players: The Political Actors in the Pa-O SAZ and Southern Shan State**

The previous chapter has examined the system of local governance in the rural areas from pre-colonial days to the present. Despite drastic changes in the country, from the feudal and colonial eras to independence under first democracy and then socialism, the rural governance appears to be relatively resilient against the changing tides. The role of the village tract leader has always been there, but who they have been answerable to varies. In the pre-colonial days, although they helped the *sawbwas* collect taxes, they were also respected by the villagers because their positions, like the *sawbwas*, were also hereditary. However, winding the clock forward to the present day, their selection process is supposed to be by nomination from the bottom. Therefore, theoretically, they should be accountable to the villagers. However, the whole selection process is not transparent. Therefore, who are they really answerable to? Answering this question requires understanding the political structure of the Pa-O SAZ. Since in this new frontier the rules and regulations are being shaped by the political actors, this chapter therefore turns to identifying these actors and examining their origins and agendas.

The chapter begins by locating the Pa-O through an explanation of the origin of their struggle for self-determination and charting their development from a political party to an armed group through splits and internal fighting, before eventually attaining their own SAZ. In this process, the main Pa-O political actors will be identified. The investigation then expands to include other political actors who have vested interests in the Pa-O SAZ, including political actors from Shan State, nationwide political actors, and NGOs/CSOs.<sup>50</sup> The reason for including these actors in the examination is that the Pa-O SAZ is not a closed entity. Being a frontier and an emerging political complex, these players interact and mutually constitute each other in determining the

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<sup>50</sup> This chapter used some of the materials contained in “Pacifying the margins: The Pa-O Self-Administered Zone and the political order in Southern Shan State” by Ricky Yue, which first appeared in *Conflict in Myanmar: War, Politics, Religion*, edited by Nick Cheesman and Nicholas Farrelly. Kind permission to reuse the materials has been obtained from the publisher, ISEAS-Yusof Ishak Institute, Singapore, <https://bookshop.iseas.edu.sg>.

political structure of the SAZ. Hence, it is necessary to explain their agenda in order to paint a full picture of the political landscape.

The aim of this chapter is to draw the boundaries of the arena where the interests of these actors collide, thereby helping to flesh out the areas of conflict and the dynamics at play in each confrontation.

## 4.1 Locating the Pa-O

The story of the Pa-O's struggle for self-determination was recounted by a 91-year-old retired journalist, politician, and historian, who had witnessed first-hand why the Pa-O picked up arms against the government. His father was a Shan and his mother a Bamar. Although he is not a Pa-O, he worked for them and is very close to them. This background allowed him to observe the political development in the area at the time before and after independence from both the Shan and Pa-O perspectives. When asked whether the interview could be recorded, he said, without a second thought: 'Please record everything – they don't know their history'. He went on to say that the 'UPNO, PNO, PNLO are all lies; they are armed groups doing things for themselves'.<sup>51</sup>

The Pa-O people were traditionally farmers; the Burmese called them *Taungthu*, while the Shan called them *Taungsu*. Although *Taungthu* could mean southern people, referring to their habitat in the Southern Shan State, it is also a disparaging term meaning farmers or hill people. Indeed, according to the 91-year-old informant, they were only called Pa-O when the Karen wanted to bring them on side in the struggle against the government. The Pa-O settled in the hills and unoccupied the valleys, and, because of this, Scott (1901, p. 160) makes the point that 'from its rather out-of-the-way position, partly, too, from the peaceful and industrious character of the Taungthu race [...] Hsa Htung<sup>52</sup> [...] suffered little from the intestinal struggles of other Shan States.' Scott's narratives of the *Taungthu* are clearly very different from what transpired after independence. The Pa-O was among the first few ethnic groups that took up arms to demand self-determination when

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<sup>51</sup> Interviewed on 25 March 2015.

<sup>52</sup> Now Hsi Hseng, one of the three townships in the Pa-O SAZ.

Britain was planning its exit. What triggered these peaceful farmers to become armed militants?

The earliest record of the Pa-O can be traced back to around 600 BC, when the kingdom in the Thaton area was under the reign of King Suriya Sandar. Indeed, the Pa-O's National Day falls on King Suriya's birthday (Chann, 2004). By tracing the linguistic characteristics of the Pa-O language, Hackett (1953) concludes that the Pa-O is a sub-group of the Karen. Although the Pa-O are mainly Buddhists, they maintain their animist superstitions (the Nat), which prompted Lowis (1949, p. 102) to describe their religious system as 'Buddhism, tempered with animism.'

According to the 1983 census, the Pa-O population in the whole country amounted to 560,740. In 2005, there was an estimated 426,122 Pa-O living in the Southern Shan State, which can be further broken down into around 59,494 residing in Sisaing; 54,720 in Hopone; 47,152 in Pinlaung; 46,425 in Naungtayar; 39,795 in Taunggyi; 35,896 in Kyauktalone; 26,880 in Loilem, and 23,201 in Pinlon. Other towns that have a noticeable Pa-O population are Kalow (22,294), Nansam South (18,934), Nyaungshwe (15,180), and Yatsawk (10,799).<sup>53</sup>

On 11 April 1991, the PNO reached a ceasefire agreement with the SLORC and, as a result, Special Region 6 was demarcated under the control of the PNO. Under the 2008 Constitution, Special Region 6 became the Pa-O Self-Administered Zone (SAZ). The Pa-O SAZ consists of three townships: Hopong, Hsi Hseng, and Pinlaung. Hopong and Hsi Hseng share borders, thus forming an elongated area to the east of Taunggyi. However, Pinlaung is separated from the main part of the SAZ by Taunggyi (see Figure 6). The PNO main administrative offices are located in Hopong.

While the Pa-O SAZ is the main focus of this study, it is important to note that there are Pa-O living in other parts of Southern Shan State, most noticeably along the

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<sup>53</sup> Immigration and Manpower Department, Taunggyi. At the time of the visit on 5 January 2015, the data from the 2014 census was not yet available, but, given that the Pa-O are not known for their mobility, the 2005 data offers a good reference point on the size and locations of the Pa-O population.

corridor east of Hsi Hseng all the way towards the Thai border, in towns such as Maukmai, which has a Pa-O population of 9,338 (about 35% of the town's population).<sup>54</sup> These Pa-O areas are controlled by PNO's rival group, the PNLO. Although the PNLO also reached a ceasefire agreement with the SLORC in 1994, they have not been demarcated with a territory like their counterpart, the PNO. Outside the SAZ, but in areas where Pa-O people also reside, the grey area of control invites competition for influence, with the PNLO, Shan political actors, and other nationwide actors vying for domination.

## 4.2 The Origin of Pa-O's Struggle for Self-Determination

Before investigating the origin of Pa-O's struggle for self-determination, the 91-year-old informant's comment about the Karen making use of the Pa-O's predicament for their own struggle against the central government requires further clarification. His statement matches the observation by Hackett (1953, p. 531), who argues that 'the Karen were well aware of the antagonism of the Taungthu towards the Sawbwas and capitalized on it.' It is worth remembering that the Karen were not invited to the Panglong Conference in 1947 (Sakhong & Keenan, 2014, p. 2). Therefore, they sent U Hla Pe, a Pa-O from Thaton, to represent them in the Panglong Conference (Christensen & Sann Kyaw, 2006, p. 17). However, Hackett, Christensen, and Sann Kyaw all fail to articulate the role that U Hla Pe played in starting the Pa-O movement against the establishment, i.e. first the *saohpas* and then the Burmese government. Here, the 91-year-old informant provided some vital clues.

He talked about a great Karen leader by the name of Zaw Bwa U Gyi, who was a close friend of U Hla Pe. U Gyi was directly involved in the Karen's struggle against the newly formed independent Burma government. The Karen uprising in Taunggyi was defeated in August 1948.<sup>55</sup> U Gyi left some of the arms with U Hla Pe and asked him to continue fighting. U Hla Pe did not know what to do with the arms, and therefore he went to the 91-year-old informant for advice.

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<sup>54</sup> Immigration and Manpower Department, Taunggyi. Figures based on 2005 data.

<sup>55</sup> The year is different from historical records, which place it as 1949. This point will be clarified in a latter part of this section.

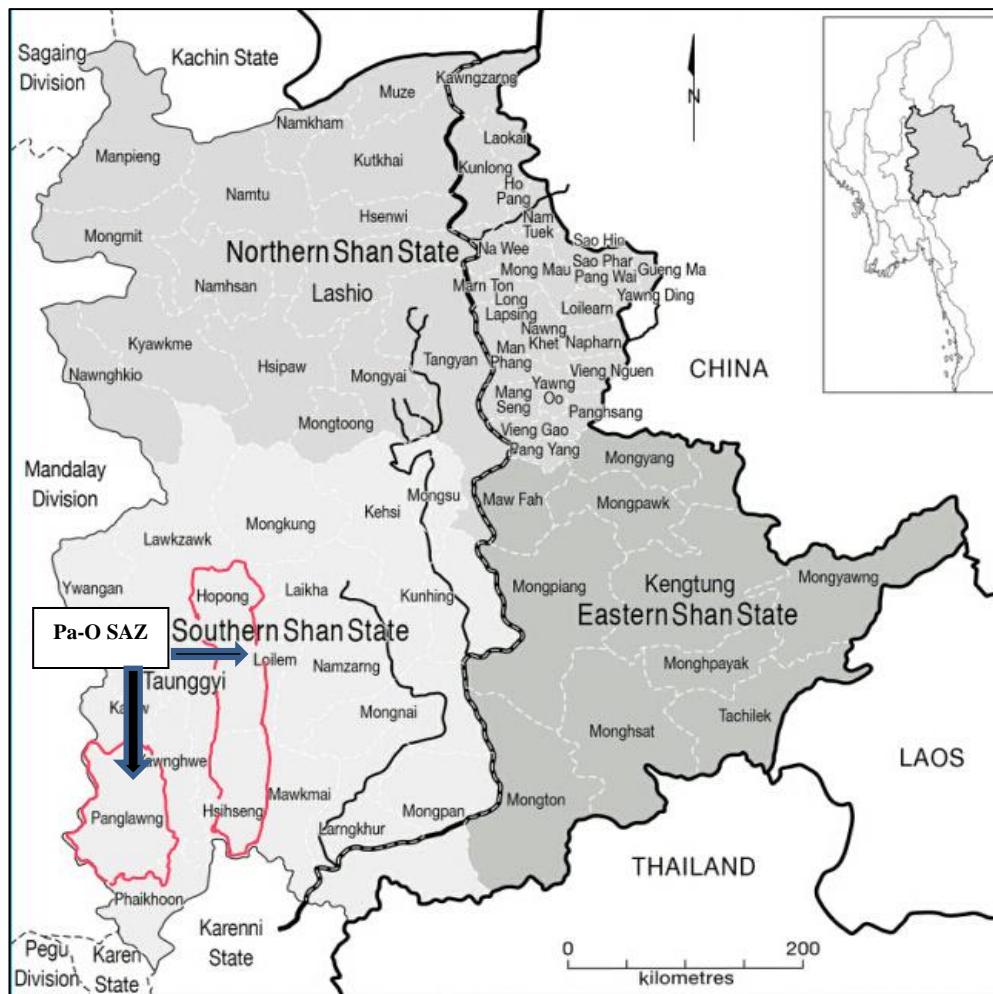


Figure 6: Map of the Pa-O SAZ in Southern Shan State<sup>56</sup>

He advised U Hla Pe to continue fighting against the *saohpas*. At that time, the informant was a reporter with the New Light of Burma. Using his reporter's pass, he was able to travel around the country to drum up support for the anti-feudal movement and recruit fighters. He met with General Ne Win, who actually provided him with arms to fight against the *saohpas*, and, according to the informant, this was how the Pa-O, as a group, started its struggle for self-determination. Ne Win trusted him because he was not a communist and they shared common enemies, i.e. the *saohpas* and communists.<sup>57</sup> In this sense, the informant was convinced that the origin of the Pa-O self-determination movement was not in struggle against the state but against the *saohpas*. This is consistent with the claim by Yawngghwe (2013) that the Pa-O's main enemy was the Shan *saohpas*.

<sup>56</sup> Permission to reproduce the figure was obtained from the ISEAS-Yusof Ishak Institute on 20 December 2017.

<sup>57</sup> Interview on 25 March 2015.



The 91-year-old informant's account is obviously open to questions in terms of its accuracy, given how much time had lapsed and that he may have mixed up facts and the sequence of events, as well as the possibility of bias. However, in the biography of U Hla Pe, written by Khun Thet Lu and published by *Taunggyi Time* in November 2001, all the characters mentioned by the informant match the report, and the sequence of events is in order (Khun Thet Lu, 2001). This report gives the informant's account a certain credibility.

Importantly, the biography of U Hla Pe adds further details to the background of the Pa-O struggle. Khun Thet Lu notes that U Hla Pe was actively involved in the political struggle of the Karen and was made the Vice Chairman of the Karen National Union (KNU). Furthermore, he was elected as the Pa-O national leader to carry out the duty of the KNU. To begin their own struggle for self-determination, U Hla Pe, U Kae, Po Mein, and U Pyu formed the first political organisation for the Pa-O, the Pa-O National Organisation (PNO), on 30 June 1946 in the Nyaung Wun Temple in Thaton. In 1948, they organised a mass demonstration, where more than ten thousand Pa-O congregated in Taunggyi. During the demonstration, the PNO made two specific demands. First, they demanded that 'our Nationals must be recognized and called "Pa-O" instead of being called "Thaung Thu"'. Second, they demanded two Pa-O battalions for the Pa-O people to be set up (Khun Thet Lu, 2001). The first demand supported the 91-year-old informant's claim that Pa-O was not the name used to describe the group before independence.

The involvement of U Hla Pe in both the KNU and PNO also supports the argument that the Pa-O was mobilised, at least partly, as a result of the Karen's anti-government movement. Indeed, a Karen and Pa-O joint force occupied Taunggyi for five days in July 1949. Here, there is a slight discrepancy in the year of the event between the account of the 91-year-old informant and the historical records. The informant said the Karen uprising in Taunggyi was defeated in 1948, whereas reports in *The Taunggyi Times* and the *Cultural Survival Quarterly Magazine* placed the year as 1949. The year quoted by the informant is not necessarily wrong, however, because Prime Minister U Nu sent his troops to attack KNU headquarters on 9 August 1948, which resulted in a Karen and Pa-O joint force coming to the KNU's

defence (*Cultural Survival*, 1989). Therefore, 1948 was the start of the KNU ‘revolution’, and 1949 was the year the joint force tried to occupy Taunggyi, but the military regained control after five days. Importantly though, the informant and the newspaper and magazine were referring to the same sequence of events.

With this point clarified, the informant’s next claim about the arms left by U Gyi to U Hla Pe carries credibility; importantly, this provided the means for the Pa-O to stage a worthy fight against the *saohpas*. As Hackett (1953, p. 530) notes during his time staying in Taunggyi in the 1940s and 1950s, although the villagers may have been able to obtain small arms and ammunition during the Japanese occupation in Shan State, because of the strict arms control by the British, the quality of these weapons was often very poor. The link between U Gyi and U Hla Pe therefore provides the answer as to where the Pa-O obtained quality arms. The Karen were fighting on the side of the British during the war against the Japanese, and therefore they had access to weapons provided by the British, which were far superior to those available locally. However, why would the Karen give valuable arms to the Pa-O when they also needed them for their own fight? According to Hackett (1953, p. 531), after the Karen’s defeat, they left behind some military advisors to help the Pa-O in order to keep ‘the military aspect of the Pa-O National Movement’ alive.

By cross-referencing the 91-year-old informant’s account of the event with other sources of information, it can be ascertained that, although aspirations for the Pa-O to overturn the Shan oppressive feudal system existed before the Karen movement, the origin of their armed struggle only started in 1948, and the Karen pushed the Pa-O national movement to cross the line from peaceful negotiations to armed struggle.<sup>58</sup> In the following section, attention will be turned to the PNO in examining how a supposedly unified Pa-O national movement became disintegrated and split into separate armed groups fighting among themselves, against the Shan, and against the central government.

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<sup>58</sup> Hackett (1953, pp. 529-530), who was living in Taunggyi in the 1940s and 1950s, notes that, although sometimes there were rebellions against the *sawbwas*, they were not organised movements and mainly involved a few villages disobeying tax payment. Since these sporadic rebellions were not very well organised, they were put down very quickly by the *sawbwas*.

#### 4.2.1 The Pa-O national movement: from solidarity to fragmentation, 1946–1988

Initially, the PNO was against the oppression from the Shan *sawbwas* under the hereditary feudal system. They gained the moral high ground when they were joined by local Buddhist monks in opposing the *sawbwas*-sanctioned gambling and opium dens (Christensen & Sann Kyaw, 2006, pp. 18-19). Momentum started to gather when, in 1947, they began the ‘Pa-O *Luong Bu*’, or Pa-O Solidarity Movement. However, Hackett (1953, p. 700) notes that the PNO only had a small following at that time and ‘certainly was not a potent force in January 1949’.

A turning point appeared in 1950, when U Gyi was killed in battle with the Burmese army near the Thai border. Without a leader, the KNU asked U Hla Pe to be the chairman, but he refused, citing his close relationship with the Pa-O.<sup>59</sup> To have a clean break from previous associations with the KNU, the United Pa-O National Organisation (UPNO) was formed in August 1950, replacing the Pa-O *Luong Bu*. The UPNO was a registered political party and they won three seats in parliament in the 1951 election (Christensen & Sann Kyaw, 2006, p. 22). UPNO was the ‘above-ground face’ of the Pa-O movement, but, by 1951, they had built up one of the largest insurgency armies in the country, the Pa-O National Army (PNA), with over 5,000 volunteers operating in four military zones in the areas near Taunggyi and Lake Inle (Smith, 1999, p. 168).<sup>60</sup>

However, while the PNA was amassing in strength and headcount, ordinary Pa-O villages were increasingly confused as to what they really represented. The PNA soldiers were roaming around the mountains of Southern Shan State. Wherever they went, they collected food and taxes from the villages in order to support their cause. They frequently demanded ‘support without regard to the burden upon the people and the inequity of their demands’ (Hackett, 1953, p. 534). Essentially, they were

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<sup>59</sup> This is another strong indication that while the Pa-O was seen to be on the side of the Karen in the struggle for self-determination, the PNO was, in fact, more concerned about promoting the Pa-O identity and their own national movement. Therefore, after U Hla Pe refused to assume the chairmanship post of the KNU, the PNO and KNU should be seen as separate nationalist movements.

<sup>60</sup> At that time, Smith (1999, p. 336) estimates that there were around 300,000 Pa-O living in Southern Shan State.

roving bandits. To the villagers, there was no difference between being under the PNO or the hereditary system of the *sawbwas*. This caused discontent (Hackett, 1953, p. 535), confusion, and resentment (Christensen & Sann Kyaw, 2006, p. 23) amongst the villagers.

Moreover, there were internal rivalries, and violence among the Pa-O leaders was common. During the second parliamentary election in 1956, U Aung Sa, who was a member of parliament at that time, was murdered, together with two other Pa-O leaders. Later that year, more Pa-O leaders 'disappeared'. They were allegedly killed by political rival Bo Kyaw Win, who was an ethnic Pa-O (Christensen & Sann Kyaw, 2006, p. 24). Notwithstanding the Pa-O movement being caught up in the ideological struggle of communism, the events support the claim of the 91-year-old informant that these armed groups were merely fighting for their own purposes.

The political situation in the early 1950s was complicated not just because of the ethnic insurgencies across the country, but also because of the geopolitics at the time. After the CPC defeated the KMT in 1948, part of the KMT troops did not join their counterparts in Taiwan, but instead entered into Shan State. Wary about the expansion of communism in the country, the US supplied arms in support of the KMT. At one stage in 1952, the KMT force was within twenty miles of Taunggyi (Christensen & Sann Kyaw, 2006, p. 23). Although the *Tatmadaw* eventually stalled the KMT advancement, the KMT remained in Shan State and became involved in the opium trade. Some of them joined local ethnic armed groups (Lintner & Black, 2009). Meanwhile, backed by the CPC, the Burmese Communist Party (BCP) was becoming increasingly involved in local ethnic struggles. As Smith (1999, p. 221) puts it, 'the situation was an unholy mess'. With this as the background, the fragmentation of the UPNO was only a matter of time.

In a desperate attempt to restore law and order in the country, U Nu launched the 'Arms for Democracy' initiative in 1958, pledging political reform in return for ethnic armed groups giving up their weapons. Answering the call, U Hla Pe, together with nearly two thousand Pa-O insurgents, surrendered their arms in Taunggyi on 5 May 1958. The following year saw the end of the hereditary status of the *sawbwas*.

Therefore, as far as the UPNO was concerned, its demand for the end of the feudal system under the *sawbwas* had been met (Christensen & Sann Kyaw, 2006, p. 25).

Although the main objective of the UPNO had been fulfilled, several Pa-O leaders, including U Hla Pe, U Kyaw Sein, and U Pyu, remained active in the political arena and won seats in the 1960 parliamentary election. However, the Pa-O leaders' optimism regarding a democratic Burma was soon quashed when Ne Win staged a coup on 2 March 1962 (Lintner, 1999, p. 170).

In the two years following the coup, senior Pa-O leaders, such as U Hla Pe, U Kyaw Sein, and U Pu, were arrested; Bo San Thein was the only Pa-O leader who escaped capture. He returned to the mountains to recruit the old units that had surrendered in 1958 and formed the Pa-O National Liberation Organisation (PNLO). The Burmese army was not the only enemy the PNLO faced. The coup also triggered other ethnic groups to fight for their territories, one such group being the Shan United Revolutionary Army (SURA), who counted many KMT remnants as members. The SURA regarded the entire Shan State as its territory and demanded the PNLO to come under its command. When the PNLO refused, fighting broke out between the two groups, which resulted in the death of Bo San Thein in 1968.

Without leaders, the PNLO fell into the hands of Tha Kalei in 1968. He renamed the group the Shan State Nationalities Liberation Organisation (SSNLO) (Callahan, 2007, p. 46; Christensen & Sann Kyaw, 2006, p. 37). While Tha Kalei was a nationalist to begin with, he and other members in the senior ranks became increasingly influenced by communist ideology.<sup>61</sup> The internal conflict between the nationalist and communist camps intensified after U Hla Pe and Kyaw Sein were released from imprisonment and returned to SSNLO territories in 1972. By this time, a split between the nationalist and communist camps had become inevitable. In his interview with Tha Kalei, Martin Smith (1999, p. 337) quotes the latter as saying 'the nationalist movement finished in 1958'.

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<sup>61</sup> Martin Smith (1999, p. 336) claims that the CPB planned to make the group the base for their North East Command.

In November 1973, fighting broke out between the nationalist and the communist camps. In March 1974, Tha Kalei formed an alliance with the Shan State Progress Party (SSPP) and held formal discussions with the CPB. Meanwhile, U Hla Pe regrouped his supporters and formed the Shan Nationalities Liberation Front (SNLF). Together with his trusted lieutenant Aung Kham Hti, they moved to Taunggyi region and began fighting with the SSNLO. In December 1974, they besieged the SSNLO positions and managed to push Tha Kalei's forces towards Pai River, where they had to seek shelter at the Karenni National Progressive Party (KNPP) camp. Tha Kalei then escaped to Panghsang to seek help from the CPB. He returned with four platoons of CPB soldiers and re-captured the former SSNLO bases near the Thai border (Smith, 1999, pp. 337-338).

Therefore, while supporters of Tha Kalei initially claimed he was really a nationalist at heart, it later became clear that the SSNLO had been sucked into the orbit of the CPB, and the original struggle for Pa-O self-determination had become a wider movement of class struggle. To avoid any doubt regarding its communist connection, Tha Kalei added 'People's' to the name of the group in 1974, and so it became the Shan State Nationalities People's Liberation Organisation (SSNPLO) (Christensen & Sann Kyaw, 2006, p. 30).

In 1975, U Hla Pe died of ill health, and the leadership fell into the hands of Kyaw Sein, who was the vice-chairman at that time. A year later, in 1976, the group reversed its name back to where it had all started: the PNO. The nationalist wing became known as the White Pa-O, whereas their SSNPLO counterparts were called the Red Pa-O (Christensen & Sann Kyaw, 2006, p. 30). The rivalry of the two camps became intense, with the effect that 'clashes between the nationalist and communist Pa-O far outnumbered those with the Burmese army' (Christensen & Sann Kyaw, 2006, p. 15).

In 1977, Ye Naung, a loyalist of Kyaw Sein, surrendered to the *Tatmadaw* and brought sixty soldiers and eight million baht (around £200,000) with him. Since Kyaw Sein had appointed Ye Naung to the post of liaison officer in Thailand, he assumed responsibility for the loss and resigned. Aung Kham Hti thus took over the

leadership post (Christensen & Sann Kyaw, 2006, p. 31; Smith, 1999, p. 338).

Under Aung Kham Hti, the PNO built up a force consisting of 800 ethnic Pa-O. In contrast, the SSNPLO only had 300 regular troops and 200 village militia, and only half of them were Pa-O (the rest were Karen and Shan fighters). However, the SSNPLO could count on support from the CPB (Smith, 1999, p. 338). The two sides tried to negotiate reunification in 1989, but, after fifteen years of internal fighting and repeated assassinations of PNO leaders, reconciliation proved difficult.<sup>62</sup> In an interview, the chairman of the PNO stated that the ‘PNLO are communists [...] they murdered our people’.<sup>63</sup>

#### **4.2.2 Development of local political actors since 1988**

The democracy movement on 8 August 1988 led to the end of the Ne Win era and the beginning of the military-led SLORC. The 1974 Constitution was immediately abolished. Amidst the chaos, the SLORC began ceasefire negotiations with various armed groups and achieved qualified success. There were many explanations as to why the SLORC succeeded in what previous regimes had failed in regard to achieving settlements. One often-quoted reason is the battle fatigue of the ethnic armed groups (Callahan, 2007; Kramer, 2010; Zaw Oo & Win Min, 2007). Another often-cited reason is the increase in the military capacity of the regime. The year 1990 witnessed the first major delivery of Chinese weaponry to the military junta, worth over US\$1 billion (Christensen & Sann Kyaw, 2006, p. 37; Lintner, 1994).<sup>64</sup> The promise of development and the ability to retain arms have also been mentioned as reasons for the settlements (Zaw Oo & Win Min, 2007).

However, a fact that has been overlooked, but which contributed significantly to the desire of reaching a ceasefire agreement, was the demonetisation of the 25, 35, and 75 kyat banknotes on 5 September 1987. In 1985, there had been a similar incident,

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<sup>62</sup> PNO’s Col. Gee Dong and senior leader Aung Than were assassinated in 1974 and 1978 respectively (Christensen & Sann Kyaw, 2006, p. 32).

<sup>63</sup> Interviewed on 27 August 2014. The quote was part of the reply to the question of whether the PNO and PNLO could merge in the future.

<sup>64</sup> For the full list of the weapons, see Lintner, B. (1994, November). Myanmar Chinese Connection. *International Defence Review*. Retrieved from [http://www.asiapacificms.com/articles/myanmar\\_chinese\\_connection/](http://www.asiapacificms.com/articles/myanmar_chinese_connection/).

where the 100, 50, and 20 kyat banknotes were removed from the legal tender list. However, civilians were at least given a period of time to convert the redundant banknotes to new notes (Turnell, 2009, pp. 252-253).<sup>65</sup> The taxes that the armed groups collected were naturally all in cash. The sudden demonetisation of banknotes in 1987, without a grace period, rendered the kyat held by the armed groups useless overnight, thus severely curtailing their ability to pay their soldiers or buy weapons. Furthermore, as David Steinberg (2001, p. 131) points out, ‘no one wanted to hold cash for fear of further demonetizations, [...] Farmers held rice, their only major marketable asset’. Obviously, it was not the intention of Ne Win to use the demonetisation policy to bring the armed groups to the negotiation table, but the side-effect was that the ethnic armed groups were drained of hard currency and morale was hit hard.<sup>66</sup>

The loss in cash reserves and income, coupled with other factors such as war fatigue and the increased military capability of the regime, placed the ethnic armed groups between a rock and a hard place. The momentum of ethno-nationalism lost steam, and, because of ideological conflicts, lacked legitimacy. Such daunting push factors, and, by their own admission, the pull factor of allowing them to keep arms, brought about the right conditions for ceasefire negotiations.<sup>67</sup> As a result, the PNO reached a ceasefire agreement with the regime in April 1991. Even more isolated, the SSPNLO followed its counterpart’s steps and reached a separate ceasefire agreement in October 1994.

However, not all Pa-O political activists were happy with settling for peace with the military regime. When the PNO signed the ceasefire agreement in 1991, a handful of PNO rebellions, led by Col. Hkun Okker, continued the struggle against the central government and organised themselves into the Pa-O People’s Liberation Organisation (PPO) on 18 June of the same year. This breakaway group positioned

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<sup>65</sup> The demonetisation of the banknotes was put into force on 3 November, but civilians were allowed to convert the replaced notes to new ones from 11 November to 31 December 1985.

<sup>66</sup> There is no definitive explanation for the demonetisation policy, but one that has often been quoted points to Ne Win’s superstition regarding the virtues of the number 9; thus, the new 90 and 45 notes were all divisible by 9 (Turnell, 2009, pp. 253-254).

<sup>67</sup> Interview with the Chairman of the PNO on 27 August 2014. Keeping their weapons was important because they needed to defend themselves against their other enemies, such as the SSNPLO and other ethnic armed groups active in Shan State.



itself near Na Awn along the Burmese-Thai border. Their revenues came from taxing cross-border trade in the area they controlled. Likewise, a splinter group led by Brigadier General Khun Ti Soung broke away from the ceasefire group SSPNLO and formed the Pa-Oh National Liberation Organisation (PNLO) on 10 June 2007.

In 2009, the PPLO agreed to merge with the PNLO after the Pa-Oh National Conference on December 7–9. The name PPLO was dropped, and PNLO became the official name of the merged group. Col. Okker was nominated as chairman and Brig. Gen. Khun Ti Soung was elected vice-chairman. The head office was located near the Thai-Myanmar border.

In 2010, the PNO registered as a political party and then contested and won seats in the state parliament. In contrast, the PNLO remained simply a ceasefire group and was blacklisted by the regime until the 2015 Nationwide Ceasefire Agreement was signed.<sup>68</sup>

There remains a third group of Pa-O political activists who were not satisfied with both the PNO and PNLO, claiming that the PNO was corrupt and worked for the government.<sup>69</sup> When the political climate in the country became more relaxed and liberal, they took an earlier name and formed the Union Pa-O National Organisation (UPNO) in 2013. The group was officially registered as a political party, which allowed them to contest the 2015 general election. The party's main objective is to preserve Pa-O identity. To this end, they demand freedom, equality, and self-determination to be supported by education based on Pa-O culture and language. On this platform, they have already recruited over 10,000 members. They do not trust the NLD and Aung San Suu Kyi, as they believe that Suu Kyi has been co-opted into the pro-regime camp. They position themselves as an alternative to the PNO, who they describe as 'corrupt' and not representative of the interests of Pa-O people.<sup>70</sup> However, their penetration in the Pa-O community is questionable, as they did not win any seat in the 2015 election.

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<sup>68</sup> Interview with a director of the PNLO on 6 November 2015.

<sup>69</sup> Interview with a senior leader on 15 January 2015.

<sup>70</sup> Interview with one of the directors of the party on 3 November 2015.

In summary, the Pa-O national movement was started in 1946. However, due to the influence of communism and the geopolitical environment after independence, the movement fragmented into two camps, with the white (nationalist) Pa-O camp represented by the PNO and the red (communist) Pa-O camp represented by the PNLO. Since the PNO was regarded as pro-regime, some of its members were not satisfied with the lack of representation. Therefore, when the political climate became more tolerant, they formed the UPNO to contest for representation and control. The development of the Pa-O political movement is summarised in Figure 7.

However, because the Pa-O SAZ is confined within the Southern Shan State, there are other political actors that have vested interests in the area; they, too, want to contest for influence and control. These external actors can be sub-divided into two groups: political actors at the state level and political actors at the national level. The following sections will reveal these actors.

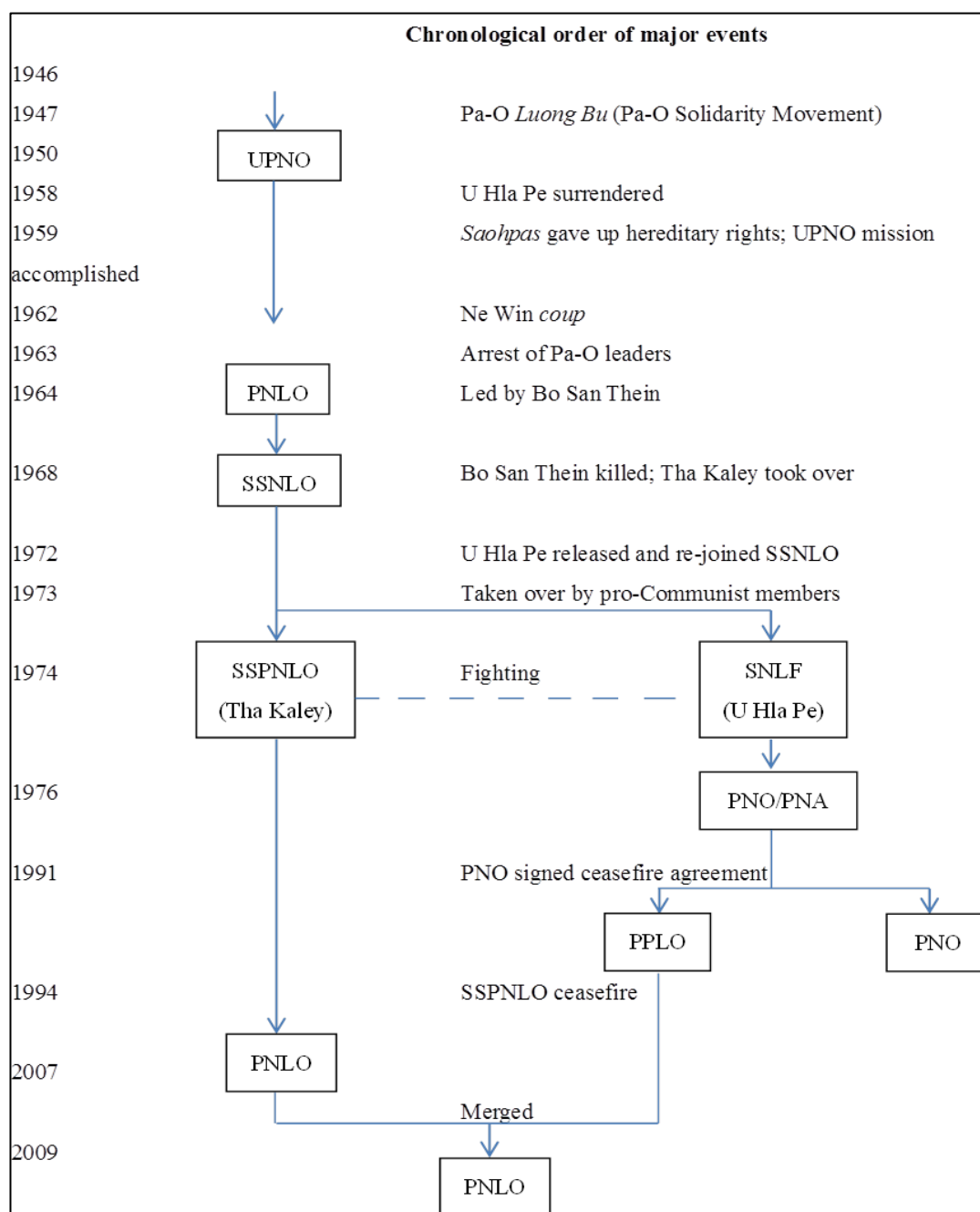
### **4.3 Political Actors in the Southern Shan State**

Taunggyi in the Southern Shan State is the state capital and hosts the state government. This makes the area the ideal incubator for political actors seeking representation and control, especially when central authority is waning. These actors do not just consist of political parties, but also ethnic armed groups with their own agendas and interests. The following sections identify the key actors that have direct contact with the Pa-O.

#### **4.3.1 The Shan Nationalities League for Democracy**

The Shan Nationalities League for Democracy (SNLD) was founded in 1988, with Khun Htun Oo as the first party chairman. They were registered as a political party, and then they contested and won the second highest number of seats in Shan State in 1990. However, the SLORC nullified the election and arrested some of the senior members of the party. Similar to the NLD, they also boycotted the 2010 election, but when the political climate became warmer, they re-registered as a political party and were one of the biggest winners in the 2015 election, with three seats in the House of Nationalities (*Amyotha Hluttaw*, the upper house), twelve seats in the House of

Representatives (*Pyithu Hluttaw*, the lower house), and twenty-six seats in the State and Regional *Hluttaws* (parliaments).<sup>71</sup>



**Figure 7: Development of the Pa-O political movement in chronological order**<sup>72</sup>

While the SNLD share many values with the NLD, the most important of which is the forming of a federated union, they are nonetheless different from the NLD in that the latter accepts the current position of seven states and seven divisions, whereas the

<sup>71</sup> Union Election Commission: Announcement 92/2015 and 93/2015.

<sup>72</sup> Permission to reproduce this figure was obtained from the ISEAS-Yusof Ishak Institute on 20 December 2017.

SNLD insists on eight states on an equal footing.<sup>73</sup>

### 4.3.2 The Shan Nationalities Democratic Party

After senior members of the SNLD were arrested in the 1990s, the party was practically ‘dissolved’ by 1998.<sup>74</sup> Since there was no party to represent the Shan nationality in the 2010 election, Sai Ai Pao led some old members of the SNLD to form the Shan Nationalities Democratic Party (SNDP) in 2010. Their mission is to achieve full democracy within a federal state, and they have demanded the release of all political prisoners. They are also known as the White Tiger Party or the Tiger Head. Shan legend believes that a white tiger protects the Shan.<sup>75</sup> They have claimed to have over 200,000 members, making them one of the largest ethnic political parties in the country.<sup>76</sup>

The party has been accused by many locals of being too close to the regime. A comment by the party leader Sai Ai Pao quoted by the BBC serves best to sum up the position of the party in relation to the regime:

*we assume that the military is now ruling the country with 100%. In the future, civilians will participate in the administration with 75% - and isn't getting 75% better than nothing? We are working with our hearts full of patriotism; if we don't contest, who will speak for Shan state?*<sup>77</sup>

In the 2010 election, they won three seats in the *Amyotha Hluttaw* and eighteen seats in the *Pyithu Hluttaw*. According to the SNLD, their achievements in the 2010 election and the 2012 by-election can be boiled down to the close relationship they enjoyed with the regime – the SNDP and USDP had an undisclosed understanding in relation to not competing with each other in areas where one side was stronger.<sup>78</sup>

There were also rumours that the SNLD and SNDP would merge before the 2015

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<sup>73</sup> Interview with the chairman of SNLD on 9 August 2014.

<sup>74</sup> Interview with the chairman of SNDP on 8 August 2014.

<sup>75</sup> For Pa-O, their protector is the dragon, or *nagar*.

<sup>76</sup> Interview with the chairman of SNDP on 8 August 2014.

<sup>77</sup> Burma election: Ethnic parties (2010, November 3). *The BBC*. Retrieved from <http://www.bbc.com/news/world-asia-pacific-11595984>.

<sup>78</sup> Interview with the chairman of SNLD on 9 August 2014.

election or at least ‘co-operate’ in the election in order to avoid duplication of representation. However, the SNLD claimed that the rumours were started by the SNDP and there was no truth in them whatsoever.<sup>79</sup> On the day before the public went to the polls in 2015, the party was still confident that it would be the king-maker and have a say in who would be the president.<sup>80</sup> In the end, the SNDP suffered a heavy defeat at the hands of the SNLD and NLD in the 2015 election by managing to keep only one regional parliament seat. This voter ‘betrayal’ is strong evidence that the party was seen as a crony of the regime and lacking local support.

### **4.3.3 The Shan State Army: North/Shan State Progressive Party**

The Shan State Army-North (SSA-N) can trace its origins from the Shan State Army, which was established in 1964. The military coup by Ne Win in 1962 re-ignited the ethnic armed struggle in Shan State, among which was the Noom Suk Han, Shan State Independent Army (SSIA), Shan National United Front (SNUF), and Thailand National Army. In 1964, the SSIA and SNUF merged to form the SSA. In its prime, the SSA could call on over 9,000 soldiers. However, similar to other ethnic armed movements, the SSA was caught between fighting against the *Tatmadaw* and other ethnic armed groups, such as the Kachin Independence Organisation (KIO), while trying to resist the influence of the CPB (Smith, 1999, pp. 333-334).<sup>81</sup>

In 1971, its political wing Shan State Progressive Party (SSPP) was formed with the objective to negotiate settlements with various parties, which included the regime and other ethnic armed groups.<sup>82</sup> Since both the *Tatmadaw* and the SSA had a common enemy in the shape of the CPB, the regime launched the Ka-Kew-Ye (KKY) initiative and began to recruit ethnic armed soldiers to fight the CPB in return for concession to trade along the borders of the Golden Triangle. This resulted in many SSA soldiers defecting to the KKY. By this time, the SSA, as with many other ethnic armed groups, was effectively a narcotic army (Lintner & Black, 2009; Smith, 1999).

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<sup>79</sup> Interview with the chairman of SNLD on 9 August 2014.

<sup>80</sup> Interview with the SNDP chairman on 5 November 2015.

<sup>81</sup> Smith (1999, p. 334) suggests that the main enemies of the SSA, in order, were the KIO, the CPB, and the Ne Win regime.

<sup>82</sup> Interview with a former senior member of the SSA-N on 28 August 2014. He was one of those senior members of SSA-N who did not submit to the CPB and became Khun Sa’s right-hand man in the Muang Tai Army.

For those who did not join the KKY, some worked closely with the KMT on the drug trade in order to secure a supply of weapons. Others were influenced by the CPB and joined their cause instead.<sup>83</sup> By 1976, the SSA was practically dissolved, with the result of one group based in the north, the SSA-N, being lured to the CPB ideology, whereas another group, which became known as the Shan State Army–South (SSA-S) remaining resistant to the idea of a people’s movement.

The alliance with the CPB was confirmed when the ‘Voice of the People of Burma’, broadcasting on 30 January 1977, declared that the SSPP would ‘march together with the CPB towards a communist world’ (Smith, 1999, p. 341). However, with the mutiny of the CPB in 1989, the SSPP all of a sudden lost its patron both in terms of financial support and ideological backing. Therefore, the group was among the first batch of ethnic armed groups to reach a ceasefire agreement with the regime in 1989, and the territories they controlled were rewarded by being demarcated as Special Region 3.

However, despite the ceasefire agreement, the *Tatmadaw* has renewed clashes in Northern Shan State, and several SSA-N bases have been under attack since 2012.<sup>84</sup> This prompted the SSPP/SSA-N to back off from the Nationwide Ceasefire Agreement talks in 2015.<sup>85</sup> The renewal of hostilities shows how fragile these ceasefire agreements were, and how fluid the political situation was, and still is, in Shan State.

#### **4.3.4 The Shan State Army: South/Restoration Council of Shan State**

Whilst the SSA, led by Sai Myint Aung in the north, was increasingly influenced by

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<sup>83</sup> At first, it was the unlimited supply of firearms that pulled the SSA towards the CPB, but, later, communist ideology also played a part (Smith, 1999, p. 340).

<sup>84</sup> McLaughlin, T. (2013, August 7). SSA-North writes to peace team over clashes. *The Myanmar Times*. Retrieved from <http://www.mmmtimes.com/index.php/national-news/7763-ssa-north-writes-to-peace-team-over-clashes.html>.

<sup>85</sup> Long, K. (2015, October 16). As ink dries, bullets ring out in Shan State. *The Myanmar Times*. Retrieved from <http://www.mmmtimes.com/index.php/national-news/17038-as-ink-dries-bullets-ring-out-in-shan-state.html>.

the CPB ideologically, militarily, and financially,<sup>86</sup> the SSA, led by Sai Pan and Seng Harn<sup>87</sup> in the south, continued to resist communist ideology. However, the break did not materialise until after the second Shan Congress in 1981, when the SSPP reaffirmed the national democracy line and rejected the defence pact with the CPB that began in 1975.

The conflict in the south was complicated by the ‘returning’ of the narcotic army led by the notorious opium king Khun Sa,<sup>88</sup> who had originally been trained by the KMT and had formed a local militia, KKY, in 1963, with financial and weapons support from Ne Win in order to fight against the SSA. However, the KKY initiative was a failure.<sup>89</sup> After Ne Win withdrew support for the KKY programme, Khun Sa relied on the opium trade to expand his narcotic army. The army was based on the Thai side of the Thai-Burma border, but when the Thai government began to eradicate the opium trade under international pressure, especially from the US Drug Enforcement Agency, Khun Sa fought his way back into Burma under the banner of the Shan United Army (SUA) and severely weakened the position of the SSA based in the south. By the time the SSPP and SSA-N reached a ceasefire agreement with the SLORC in 1989, the SSA based in the south had already faded into the distance, with no leadership or moral to continue fighting.

At this time, there were several active ethnic armies contesting for control in the Southern Shan State, among the more powerful of which were the Shan United Revolutionary Army (SURA) and the Thailand Revolutionary Council (TRC). However, these groups were no match for Khun Sa’s SUA, which benefited from heavy and modern weaponry bought with opium money. Eventually, they were forced to merge with the SUA, and the entire border between Shan State and Thailand, of about 150 miles, came under the control of Khun Sa, who now had a combined force of over 4,000 soldiers (Smith, 1999, p. 343). In 1985, Khun Sa

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<sup>86</sup> 80% of the weapons were Chinese made, and the SSA were entirely dependent on the CPB for ammunition (Smith, 1999, p. 342)

<sup>87</sup> Aka Sai Nyan Win.

<sup>88</sup> Khun Sa was born in Burma in 1934. His father was Chinese and mother was a Shan. He was also known as Chang Chi Fu or Zhang Qifu.

<sup>89</sup> For a full account of the rise and fall of the KKY, see the work by Bertil Lintner (1999) on the intricate relationship between the opium trade and the regime’s counter-insurgency strategies; see also a related work by Bertil Lintner and Michael Black (2009).

renamed the merged group of the SUA and TRC as the Mong Tai Army (MTA).<sup>90</sup>

However, battle fatigue, internal grievances, and a worldwide clampdown on the opium trade forced Khun Sa to surrender in 1996.<sup>91</sup> Liet. Gen. Yawd Serk, who was from the former SURA before merging with the SUA, refused to put down his weapons. He led about 800 breakaway soldiers to form the Shan State Army-South (SSA-S) in the same year. The Restoration Council of Shan State (RCSS), the political wing of the SSA-S, was formed in 2000. The RCSS/SSA-S joined a six-party military alliance in March 1999. The alliance consisted of ethnic armed groups of the Karen National Union (KNU), Chin National Front (CNF), Arakan Liberation Party (ALP), Karenni National Progressive Party (KNPP), and Kachin National Organisation (KNO).<sup>92</sup> In May 2011, the RCSS/SSA-S announced that they would combine military operations with the SSPP/SSA-N, as hostilities with the *Tatmadaw* renewed. Before the RCSS/SSA-S began negotiations with the government on a ceasefire agreement in 2011, they had an estimated 7,000 soldiers (Keenan, 2012a). On 12 January 2012, the RCSS/SSA-S signed a ceasefire agreement with the government; however, fighting with the *Tatmadaw* still continued in Northern Shan State.

## **4.4 Political Actors from the National Level**

Similar to the situation in Shan State, nationwide political actors also have an interest in the Pa-O emerging political complex in regard to consolidating their local, regional, and national support.

### **4.4.1 The military in civilian clothing: USDP**

After the 8888 uprising, the military took power by replacing the BSPP with the SLORC. In 1993, the military junta formed the USDA, with headquarter in

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<sup>90</sup> Interview with a senior member of MTA on 28 August 2014.

<sup>91</sup> Interview with a senior member of MTA on 28 August 2014. The interviewee, who was the right-hand man, surrendered along with Khun Sa. The soldiers were given two villages to settle down together with their families, and each family was given five acres of land for cultivation. A gold mine concession was also given to the surrendered group. The interviewee became the chairman of the gold mining company.

<sup>92</sup> The KNO is not an army but a member of the United National Federal Council.



Yangon.<sup>93</sup> Effectively, the USDA served the purpose of softening the image of military control by trying to function as a ruling political party (Network for Democracy and Development, May 2006; Taylor, 2009, pp. 446-447).

In 1997, the SLORC was dissolved, and the SPDC came in its place. Although the name was changed, the people behind the scene were still men in uniforms. In 2010, the USDA was dissolved. Its members and assets were transferred to a newly registered political party, the USDP, which contested and won the general election later that year. Therefore, from 1988 to the present day, the military regime in Myanmar was, at various times, represented by the SLORC, USDA, SPDC, and USDP. Although the names have changed, the contents remain the same.

#### **4.4.2 The National League for Democracy**

After the brutal clampdown of the 8888 movement, the newly formed SLORC issued a statement declaring that the military had no intention to stay in power and a multiparty election would be held as soon as law and order was restored (Guyot, 1991). The NLD, led by Aung San Suu Kyi, was duly formed as a political party and won over 60% of the valid vote in the general election held on 27 May 1990.

However, General Khin Nyunt refused to relinquish power by arguing that the purpose of the election was not to form a parliamentary government, but simply to establish a parliamentary-like constitutional committee in order to prepare a new constitution (Steinberg, 2010, pp. 90-93). However, there was no disguising the military junta's true intentions, as senior NLD leaders were subsequently imprisoned and Suu Kyi was placed under house arrest on-and-off for sixteen of the following twenty-one years.

It took the regime eighteen years before the 2008 Constitution was eventually introduced under controversial circumstances.<sup>94</sup> The 2008 Constitution laid the

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<sup>93</sup> USDA was sub-divided into 17 state and division associations, 66 district associations, and 320 township associations.

<sup>94</sup> Cyclone Nargis, which was the worst natural disasters to hit Myanmar in history at that time, caused a landfall on 2 May 2008, causing over 130,000 deaths. However, instead of concentrating its efforts on dealing with the disaster, the regime only focused on passing the Constitution on May 10, thus delaying the international rescue operation.

foundations for a general election, which was held in November 2010. However, many senior members of the NLD were barred from taking part in the election because they had previously been put in jail by the regime. The NLD boycotted the election and did not re-register as a political party. Consequently, the NLD was disbanded under the political party registration law at the time.<sup>95</sup>

The 2010 election returned Thein Sein as president. His warming to the West had surprised many Western observers. A historical meeting between Thein Sein and Aung Seng Suu Kyi was held in August 2011, which prompted the latter to re-register the NLD as a political party in order to contest the 2012 by-election.

After re-registering as a political party, the NLD have been very active in Shan State, including in the Pa-O areas. In a Pa-O village about 20km from Taunggyi, despite the PNO flags flying atop the village school and general store, indicating that the PNO had a clear presence in the village, 9 out of 20 villagers said they would vote for the NLD in the 2015 election. More importantly, only 5 said they would vote for the PNO.<sup>96</sup> Indeed, a PNLO leader said that many Pa-O people did not trust the PNO as they were too close to the regime and were behind many land-grabbing incidents.<sup>97</sup>

When the NLD refused to take part in the 2010 election, some senior members broke ranks and formed the National Democratic Force (NDF) in order to take part in the election. They won twelve seats in the election. However, when the NLD re-registered as a political party for the 2012 by-election, some NDF members resigned and re-joined the NLD. Although the party took part in the 2015 election, it did not win any seats. The NDF serves to remind readers that internal splits are very common in Myanmar politics.

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<sup>95</sup> Burma's NLD democracy party dissolved (2010, May 7). *BBC News*. Retrieved from <http://news.bbc.co.uk/2/hi/asia-pacific/8664610.stm>.

<sup>96</sup> Questionnaire conducted on 2-11 August, 2015. A more detailed report on the questionnaire is provided in Chapter 6, Section 6.1.2

<sup>97</sup> Interview on 8 August 2014, the anniversary of the 8888 Movement.

## 4.5 Non-State Actors: Political Activists, NGOs, and CSOs

Although the 2008 Constitution was heavily criticised for being draconian and non-democratic, it opened up a new chapter in Myanmar history as it paved the way for a general election in 2010 after 20 years of absence. Some activist groups took advantage of the situation and organised themselves into political parties to contest in the election.

One such party is the 888 Generation Student Youths. Coming from the background of the 8 August 1988 uprising, this group mainly champions democracy and closely aligns itself with ethnic groups who are seeking self-determination. As the group's resources are limited, the reach of the party is confined to major cities such as Yangon and Mandalay. At township and village levels, activists who took part in the original uprising or are sympathetic to the 8888 movement formed the 88 Group. The group mainly organises campaigns to promote democratic values and to raise awareness about issues such as human rights, land grabbing, and corruption.

A prominent feature of the post-2010 political landscape is the significant growth of civil society organisations (CSOs).<sup>98</sup> During interviews, some CSOs claimed to be non-governmental organisations (NGOs), without realising the difference between the two. There are stringent registration requirements for NGO by the central government, which are not only procedurally prohibitive, but registration is seldom granted unless the organisation has strong regime backing. A case in point is the Kanbowze Youth Library Reading Club (KYLRC). The person in charge in their Taunggyi office explained that it was a lot easier to register as a reading club (CSO) related to education than to register as an NGO. Therefore, although one of the missions of the reading club is to educate villagers about the benefits of organic farming and the impact of pollution on their agricultural products, the hidden agenda is to promote equality, human rights, and democracy. The group also acts as an

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<sup>98</sup> Some interviewees did not differentiate NGOs from CSOs as they perceived the objectives to be the same. Therefore, for the discussion in this paper, NGO and CSO are grouped under one category as non-governmental actors.

independent peace monitor reporting to overseas observers.<sup>99</sup>

Likewise, the Kaung Rwai Social Action Network (KRSAN) is a CSO that aims to promote English education to Pa-O youth at village level because the group believes that knowing English will help them find a better job and escape the poverty trap. However, the group is also very active in promoting self-determination and democracy to Pa-O youth. For the 26<sup>th</sup> anniversary of the 8888 movement, the group led about 20 students to sing songs and raised about US\$1,000. The lyrics of the songs were in Pa-O, but there was one English word that kept repeating – democracy.<sup>100</sup> The group often performs in the Taunggyi town centre, outside the hospital and the university campus in order to raise funds. During a visit to their centre on 10 August 2014, a group of ten Pa-O youth aged between 12 and 16 were attending a class on reading English. Later, they were shown a video called “Vote for me”, which told the story of how to choose a class representative in school. The message of the video was clearly focused on the importance of representation, i.e. that everyone should have the right to decide on the candidate, and the result should be based on a majority decision. KRSAN is openly against the ruling regime and their cronies, which include the PNO.

However, not many local CSOs adopt a direct confrontational approach against the PNO. The Democracy for Ethnic Minorities Organisation (DEMO) span off from KRSAN in 2012. According to an interview with the individual in charge of DEMO, he found the leadership at KRSAN to be ‘too strong’ and ‘confrontational’.<sup>101</sup> The two groups are still friendly, however, and the spin-off simply allows for a better division of responsibilities. While KRSAN performs the function of political activists, DEMO concentrate on running capacity-building programmes, which aim to enhance ethnic minorities’ knowledge about their rights and build consensus regarding self-determination. Their target audiences are also Pa-O youth.

Land grabbing and pollution have been a few of the major social issues in the Pa-O

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<sup>99</sup> Interview on 10 August 2014.

<sup>100</sup> Observation note as a participant observer, 8 August 2014.

<sup>101</sup> Interview on 9 August 2014.

community in recent years. The widely reported yet secretive uranium finds in Leng Ngock, a Pa-O village located about a two-hour drive from Taunggyi, have forced the relocation of thousands of villagers. The country's largest open-pit coal mine and power plant in Tigyit are located just 12 kilometres from the famed Lake Inle.

According to *Poison Clouds: Lessons from Burma's largest coal project in Tigyit*, the pollution from open-pit mining and emissions from the power plant have already forced the relocation of two villages, Lai Khar and Taung Pola, and affected over 12,000 people (Pa-Oh Youth Organization & Kyoju Action Network, 2011). The Tigyit report was the work of the Pa-O Youth Organisation (PYO). Formed in 1998, PYO was based in Chiang Mai, Thailand, because of the hostile political climate in Myanmar at that time. While promoting democracy, human rights, and equality are the usual local CSO objectives, the group has developed into being a claim-making specialist.<sup>102</sup> According to Hannigan (1995), environmental issues need a claim-maker in order to galvanise grievances, focus the issue, and spread the word before mobilising the public to form an environmental social movement. PYO fills the role of claim-maker, helping Pa-O villagers to focus on the issues, understand their rights, make their claims, and voice their grievances through publishing reports in English so that more people in the world are aware of their problems.<sup>103</sup>

Apart from ideology, KRSAN, DEMO, and PYO share several things in common. Their leaders are young (under 30 years old), they all speak very good English, they learned or refined their English skills in the American Center in either Chiang Mai or Yangon, and, most important of all, their source of funding has a US background (this point will be further developed in the next chapter, which examines the political economy of various actors). These groups are very well trained, highly organised, and publicly visible. They fully understand the importance of using the media to articulate their cases. These civil society groups are anti-establishment and believe that the PNO no longer represents the interests of the Pa-O people.

The pro-establishment camp is not without its answers to the rising resistance from civil society groups. The Parami Development Network (PDN) was set up in 2010

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<sup>102</sup> Interview on 15 January 2015.

<sup>103</sup> During the interview, I was asked to translate their report into Chinese for them.

and is registered as a NGO under the PNO's social department. According to Buddhism teaching, Parami means fulfilment. Its objectives are to improve education, healthcare, and infrastructure throughout the Pa-O communities.<sup>104</sup> An example of its work was given by the chairman. After the PNO reached a ceasefire agreement with the SLORC in 1991, the PNO assumed administrative responsibilities within the demarcated area. Until 2010, due to financial constraints, the PNO was only able to provide free primary education. However, from 2010, free education was introduced for secondary schools. The party was able to afford this because of a resourceful regulatory arbitrage. Under the Political Party Registration Law, Section 6(f), political parties are forbidden from accepting foreign donations. Without outside help, the local Pa-O economy simply could not afford to build schools. By setting up the PND, and with the NGO status that allows it to accept foreign donations, the PNO have been able to circumnavigate the regulation. The PDN have been working closely with the Japan Nippon Foundation to build schools and restore monasteries in Pa-O villages. A school built near the Kakku Pagodas was funded by the Nippon Foundation with a US\$70,000 contribution in 2012. On bigger projects, such as building roads and hospitals, the PDN received funding from the Japan International Cooperation Agency (JICA), a Japanese government-backed international organisation focusing on 'supporting the socioeconomic development, recovery or economic stability of developing regions'.<sup>105</sup> These new local development initiatives have earned the PNO much needed credibility amid questions regarding its legitimacy.

In 2006, a group of Myanmar nationalists formed the Myanmar Egress to promote civil society organisations throughout the country and provide training to young people on capacity building. Like PND, Egress is a registered NGO. The chairman of the organisation is Tin Maung Thann, Vice President of the Myanmar Fisheries Federation. Vice President and Director of Communication of Egress is Hla Maung Shwe, who is also the Vice President of the Republic of Union of Myanmar

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<sup>104</sup> Interview with the Chairman of PDN on 28 August 2014.

<sup>105</sup> JICA. Retrieved from <http://www.jica.go.jp/english/about/organization/index.html>.

Federation Chambers of Commerce and Industries.<sup>106</sup> Evidently, Egress is a pro-establishment non-governmental organisation aiming to deliver state messages through the civil society channel. According to KRSAN, Pa-O youth who attended the capacity-building programme organised by Egress in Yangon usually returned believing the government would gradually move towards democracy.<sup>107</sup> A 88 Group leader further pointed out that Egress ‘accept the 2008 Constitution when other democratic parties (are) against’ it.<sup>108</sup>

The Myanmar Egress fizzled out towards 2012, and in its place is the Myanmar Peace Centre (MPC), which opened offices in Yangon in November 2012 to provide advice on ceasefire negotiations and implementation, peace negotiations and political dialogue, coordination of assistance in conflict affected areas, outreach and public diplomacy, and mine actions.<sup>109</sup> The MPC is funded by the European Union, the United Nations, and Japan. Headed by Aung Min, Thein Sein’s Office Minister, the top level of the MPC is mainly made up of government officials and members from Egress. Although the MPC can count on international donors to provide it with legitimacy, it cannot shake off the shadow of the regime.

## **4.6 Interactions of the Various Political Actors**

When talking to a member of the peace monitoring committee of Shan State, she pinpointed ‘trust’ as the main problem with the peace process in Shan State. The armed groups do not trust the government, they do not trust other ethnic armed groups, and they do not even trust armed groups of the same ethnicity. She cited that White Tiger (SNDP) and the PNO as government cronies, and therefore groups like the SNLD and PNLO did not trust them.<sup>110</sup>

The peace monitor’s comment is a reminder of the complexity of the intertwining

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<sup>106</sup> Myanmar Egress. Retrieved from [http://www.myanmarregress.org/index.php?option=com\\_content&view=category&layout=blog&id=37&Itemid=112](http://www.myanmarregress.org/index.php?option=com_content&view=category&layout=blog&id=37&Itemid=112).

<sup>107</sup> Interview with KRSAN on 10 August 2014.

<sup>108</sup> Interview on 10 August 2014.

<sup>109</sup> Myanmar Peace Centre Mission Statement. Retrieved from <http://www.mmpeacemonitor.org/stakeholders/myanmar-peace-center>.

<sup>110</sup> Interview on 8 August 2014.

relationships between political actors in Southern Shan State. Notwithstanding the aforementioned political actors having different cultural identities, ideologies, and backgrounds, in general, they can be divided into two camps: the pro-establishment and the anti-establishment camps. The annual 8888 remembrance gathering provided a snapshot of this pro/anti-establishment divide. At the 26<sup>th</sup> anniversary of the uprising on 8 August 2014, in a small village near Taunggyi town centre, civil society groups and anti-regime political parties gathered, displaying photographs and newspaper cuttings on the democracy movement. In the two-hour proceeding, with about 60 participants, leaders from political parties, political organisations, and civil society groups took turns to give speeches, among them the NLD Shan State chairperson, NLD Taunggyi leader, NLD Nyeung Shwe Township leader, chairperson of the SNLD, senior leaders of the UPNO, and representatives from the 88 Group. With regard to CSOs, KRSAN, DEMO, and PYO were present. Three Buddhist monks were seated centre stage, but they only acted as observers and did not give any speeches. Political parties absent from the gathering were the PNO, PNLO, USDP, and SNDP.

In regard to what the gathering was representing, namely resentment against the military regime and a demand for democracy and self-determination, the absence of the PNO, SNDP, and USDP should be understood and expected. The first two are regarded as the cronies of the regime, whereas the USDP is a reincarnation of the regime in political party form. However, the position of the PNLO is a little ambiguous. Due to their communist background, the PNLO is neither pro-regime nor are they considered to be pro-democracy, which is one of the core values of other anti-establishment groups. In situations that are beneficial to them, the PNLO can work with the government, as in the case of a development project in Maukmae, where they agreed to allow the government to occupy several buildings in the development.<sup>111</sup> Yet, they are also quite willing to tag along with other groups that are against the PNO. Therefore, in the simple classification, the PNLO is regarded as neither pro-regime nor anti-establishment (see Figure 8).

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<sup>111</sup> Interview with a director of PNLO on 15 January 2015.



Level	Institution Categories	Pro-Establishment	Anti-Establishment
Local Level	Political Parties	PNO	UPNO
	NGOs/CSOs	PDN	KRSAN; DEMO; PYO
	Armed Groups	PNLO	
State Level	Political Parties	SNDP	SNLD
	Armed Groups		RCSS/SSA-S
National Level	Political Parties	USDP	NLD
	Non-State Actors		88 Group
		Myanmar Egress; MPC	

*Figure 8: Classification of political actors related to the Pa-O*

#### 4.6.1 Intra-level relationship

The relationship between the various political actors at the local, state, and national levels is reflected in the pro/anti-establishment divide. At the local level, the PNO and PNLO have their historical and ideological differences, which were deepened by the regime's divide-and-rule. Moreover, confrontation between local CSOs and the PNO are common. In the PNO general meeting on 14 December 2014, KRSAN was declared 'the enemy of the party'.<sup>112</sup> The KRSAN leader explained that they had stepped on the toes of the PNO because they had exposed the PNO's hypocrisy on issues of land grabbing.

At the state level, the pro/anti-establishment divide correctly marked the differences between the SNLD and SNDP. The SNLD claimed that the latter were just a crony of the state and had lied to the people. In their own defence, the SNDP chairman claimed that there was no one to represent the people in Shan State in 2010 after the SNLD refused to take part in the election, they were always seeking to work together with the SNLD, and they would not rule out the possibility of a merge between the two parties.<sup>113</sup> However, the rumour of a possible merger was denied by the SNLD. One of the executive members of the SNLD stated categorically that a merger had

<sup>112</sup> Interview with KRSAN on 15 January 2015.

<sup>113</sup> Interview with the Chairman of SNDP on 8 August 2014. The media had widely reported the desire of the SNDP to merge with the SNLD in the 2015 election. See Soe Than Lunn. (2012, December 24). Myanmar's SNDP pushes Shan party merger. *The Myanmar Times*. Retrieved from <http://www.mmmtimes.com/index.php/national-news/mandalay-upper-myanmar/3653-sndp-pushes-shan-party-merger.html>.

never been on their party's agenda: 'the SNDP were only trying to make waves'.<sup>114</sup>

Finally, at the national level, the NLD has sought to oust the USDP from power to reclaim what should rightfully have been theirs since 1990. The divide between the USDP and NLD could not be any wider because the USDP were seen as merely representing the interests of the military, whereas the NLD claimed to represent the people.

#### **4.6.2 Inter-level relationship**

However, the relationship between these actors across the spectrums of different levels is not as clear cut and require further clarification.

##### *4.6.2.1 Inter-level armed groups' relationships*

The PNLO and SSA-S are both ceasefire armed groups. While they regard the *Tatmadaw* as their common enemy, they fight against each other over interests and control. Recent fighting took place in September 2014. The SSA-S was accused of burning down new facilities built by the PNLO in Maukmae. The township is a disputed territory between Pa-O and Shan, but the main population of the township is Pa-O. The PNLO obtained permission from the central government to build two complexes in the township for administrative purposes. In return for the 'favour', the PNLO allowed one of the buildings to be used by the central government. The RCSS/SSA believed that the land was on their territory, and the presence of government officials would be too close for comfort, so they burned it down when the buildings were 90% complete.<sup>115</sup>

There has not been any reporting on confrontations between the SSA-S and the PNA, the armed wing of the PNO. However, this is only because the PNA are confined within Special Region 6, or now the Pa-O SAZ. Under the ceasefire agreement with the *Tatmadaw*, they are not allowed to carry weapons outside their zone. It is worth remembering that fighting between the two groups was common before 1989, as

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<sup>114</sup> Interview on 9 August 2014.

<sup>115</sup> Interview with PNLO, 24 March 2015. The incident was reported by Nyein Nyein. (2014, September 11). Pa-O, Shan rebels meet after clash territories. *The Irrawaddy*. Retrieved from <http://www.irrawaddy.com/news/burma/pa-o-shan-rebels-meet-clash-territory.html>.

revealed in the previous sections of this chapter.

#### 4.6.2.2 *Inter-level political parties' relationships*

At the interface between the local and state levels, since the PNO has the administrative power within the Pa-O SAZ, granted to them under the 2008 Constitution, they do not have any direct confrontation with the SNLD on local affairs. However, it is important to note that the SNLD are sympathetic to Shan armed groups and have enjoyed a good relationship with the RCSS/SSA-S. In May 2014, a leader of the SNLD from Namlinmau village was arrested by the *Tatmadaw*. He was accused of possessing firearms supplied by the RCSS/SSA-S. The SNLD issued a statement on 15 May 2014 denying the accusation. However, the statement did not deny the SNLD member being in possession of a gun supplied by the RCSS/SSA-S.<sup>116</sup> The close relationship between the SNLD and RCSS/SSA-S has put the PNO on guard, as the SSA-S and PNA have obvious potential conflicts of interest regarding the control of trade routes for illegal smuggling and the opium trade.

At the interface between the local and national levels, the PNO and NLD do not see eye-to-eye. Although the PNO has become the *de facto* leader in the Pa-O SAZ, its legitimacy is often brought into question due to its close ties with the regime. In addition, the PNO has been accused of being the backer for many land-grabbing incidents. The victims of land disputes had no one to turn to, so they inevitably asked the NLD for help. In 2014, two members of the NLD were murdered for helping Pa-O villagers, who lost their land. The persecutors were men in uniforms. The family recognised one man in the group, who was a PNA soldier.<sup>117</sup> The killing was reported in the national news magazine, *The Irrawaddy*. The NLD leader in Taunggyi revealed that it was a deliberate killing aimed to send a strong message to the NLD, warning them not to interfere in local Pa-O affairs.<sup>118</sup> In the 2015 election, the NLD contested seats in the Pa-O region, but the PNO managed to cling on to all of its previously-held seats.

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<sup>116</sup> Statement of Shan Nationalities League for Democracy, 15 May 2014. Retrieved from <http://www.burmapartnership.org/tag/shan-nationalities-league-for-democracy/>.

<sup>117</sup> Interview with the leader of NLD Taunggyi office on 10 August 2014.

<sup>118</sup> San Yamin Aung. (2014, June 6). Local NLD leader shot dead in Shan State. *The Irrawaddy*, Retrieved from <http://www.irrawaddy.com/news/burma/local-nld-leader-shot-dead-shan-state.html>

At the interface between the state and national levels, the SNDP was openly against the NLD. The chairman of the SNDP explained that if the NLD was truly committed to granting self-determination to the ethnic minorities, why would it compete with them in the election for seats in Shan State?<sup>119</sup> The SNDP were also sceptical about the 88 Group. The Chairman of the SNDP complained that the 88 Group always organises protests that disturb local peace: ‘People just want to get on with their lives after so many years of fighting’.<sup>120</sup>

However, the SNLD appears to enjoy a better relationship with the NLD. Although they disagree on issues, such as how many states should be under a federal government, in terms of ideology on democracy, the two political parties are on the same wavelength. There were reports that the NLD would not compete with the SNLD in the 2015 election where the SNLD had strong holding.<sup>121</sup>

#### *4.6.2.3 Other inter-level relationships*

The local CSOs are sceptical of the work carried out by Myanmar Egress. One of the tasks of DEMO is to provide capacity-building training for the Pa-O youth. A DEMO leader revealed that some Pa-O young people attended capacity training sponsored by Myanmar Egress in Yangon. However, after they returned, their attitudes on the 2008 Constitution and the pace of democratic transition had changed. Whereas the youth would previously have strongly demanded a change in the Constitution and an immediate return to full democracy, after the training in Yangon, they began to take the stance that transition would require time and patience.<sup>122</sup>

The USDP also found the activities of the KRSAN somewhat of an annoyance. The KRSAN always organises singing activities in Taunggyi town centre. On several occasions, the USDP called the police to stop them singing outside their offices.<sup>123</sup> As a case in point, a KRSAN leader led a group of Pa-O youth, around 20 in total, boarded two pick-up lorries, and headed to the town centre to continue singing and

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<sup>119</sup> Interview on 9 August 2014.

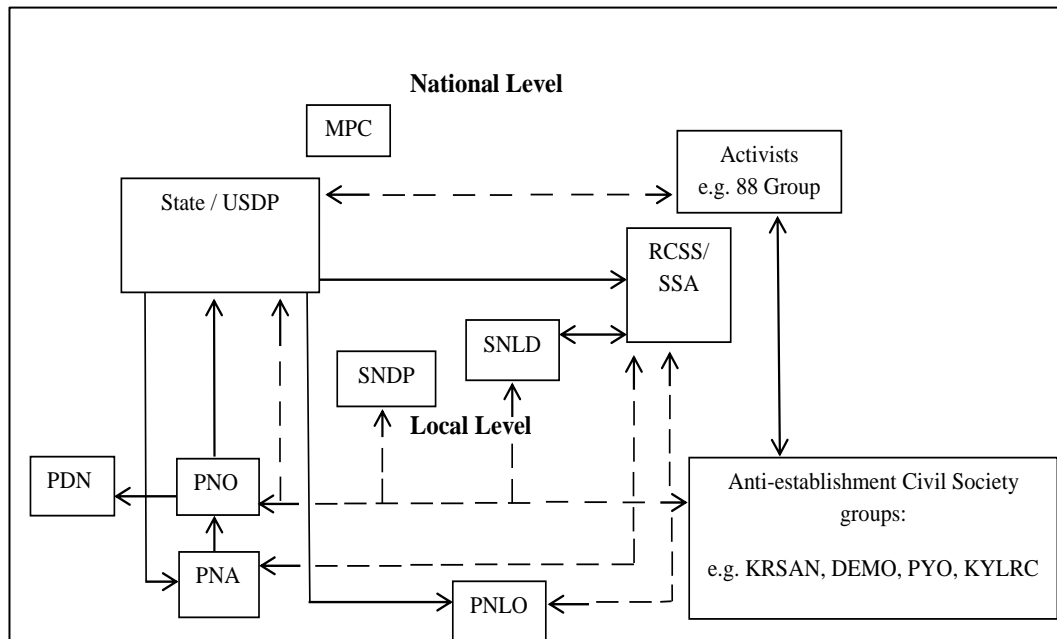
<sup>120</sup> Interview on 9 August 2014.

<sup>121</sup> Whtut. (2015, July 14). NLD won't stand against ethnic allies. *Eleven Myanmar*. Retrieved from <http://www.elevenmyanmar.com/politics/nld-won%E2%80%99t-stand-against-ethnic-allies>

<sup>122</sup> Interview on 9 January 2015.

<sup>123</sup> Interview with KRSAN on 15 January 2015.

raising money after the 26<sup>th</sup> anniversary ceremony of the 8888 Movement.<sup>124</sup> The USDP accused them of misinforming the public.<sup>125</sup>



*Figure 9: Charting the relationships between the political actors in Southern Shan State*

In summary, there are clear cleavages among the political actors in Southern Shan State, along the pro/anti-establishment divide that transcends all three levels of interactions, namely at the local level where Pa-O actors are dominant, at the state level where Shan political actors have become involved, and the national level where state actors hold an interest. Based on the information obtained from scholarly literature, public media, and interviews, the relationship between the political actors in Southern Shan State is charted in Figure 9.<sup>126</sup> The solid lines depict positive relationships, whereas the dotted lines indicate negative relationships.

#### **4.7 Towards a Critical Political Economy Approach to Understand the Power Dynamics in the Pa-O SAZ**

The answer to the research question of how the military regime maintained control after decentralisation of power lies in the way the regime enforced social control in the emerging political complex of the frontier. Although the political landscape has

<sup>124</sup> Observation note on the ceremony on 8 August 2014.

<sup>125</sup> Interview with USDP on 17 May 2015.

<sup>126</sup> Permission to reproduce the figure was obtained from ISEAS-Yusof Ishak Institute on 20 December 2017.

changed, Furnivall (1960) and Scott (1976) point out that history and customs cannot be easily obliterated. Therefore, Chapter 3 focused on the search for clues as to which customs and traditions have survived the change. It was revealed that, historically and at present, village tract leaders play an important role in the administration of the rural areas. Therefore, if the regime can find a way to manipulate the village tract leaders, this may be the answer to the question of social control. However, to whom are these village tract leaders answerable?

To this end, identifying the political actors and how they interact in the emerging political complex, or what Migdal calls the arena, can inform the research in finding the agent through whom the regime can manipulate the village tract leaders. This layer of political structure also serves two additional functions, which are vital in establishing the village tract leaders as the implementers. First, as a result of the interactions of the actors, the political structure helps to shield the village tract leaders from the sight of the regime. Second, the additional political structure prevents the village tract leaders from posing a threat to the regime. Both of these are prerequisites for the implementer to be considered in the final level of accommodation.

There are many political actors from the local, state, and national levels who have vested interests in the Pa-O SAZ. After analysing their backgrounds and agendas, this chapter has categorised them into two main groups: those who are supportive to the regime and those who are against the regime. This narrows down the options for co-optation to the PNO at the local level. Although it may have been apparent from the outset that the PNO was the obvious choice, this chapter has highlighted that the power of the PNO is not uncontested.

Indeed, the political order in the Pa-O SAZ and the Southern Shan State is so complex and fluid that implementing the second level of accommodation is not as straightforward as it may seem. If the regime simply co-opted the PNO/PNA without dealing with the PNLO or RCSS/SSA, these rival armed groups would simply challenge the PNO in their own terms – after all, they do not have ceasefire agreements among themselves. Therefore, when it comes to implementing social

control, it is not simply about pacifying the Pa-O SAZ; instead, the whole area of the Southern Shan State needs to be taken into account.

Consequently, what is holding this emerging political complex together? The construction of the relationships between the political actors does not provide all the evidence to suggest how the regime managed to maintain control in the area; on the contrary, it reveals more cracks and divides. According to Woods (2011), the regime adopted ceasefire capitalism as its main pacification strategy in the Frontier Area. Therefore, an analysis of the form and substance of the ceasefire capitalism may explain how the Pa-O emerging political complex is being held together, and this should shed light on how the regime executes its second and third levels of accommodation on the warlords and the implementer respectively.

## **Chapter 5:**

# **The Rules of the Game: The Political Economy of the Pa-O SAZ**

With the political actors identified in the last chapter, the thesis moves on to uncover the mechanism that holds these actors together in the Pa-O SAZ, and, more importantly, within the orbit of the military regime. The aim is to establish the second level of accommodation that ties the warlords to the state project.

However, given that there are various political actors from different backgrounds and agendas, the accommodation process did not just relate to the co-optation of local elites but also served as a divide-and-rule tactic to keep the players on their toes. Therefore, within this accommodation process is also a hidden agenda of setting the rules of the game based on political economy. This is no ordinary political economy, but a form of production of capital that relies on a specially constructed setting that allows state penetration, regulation, extraction, and attribution when state capacity is weak, or what Woods calls ceasefire capitalism. Therefore, this chapter does not stop at just identifying who the regime accommodated, but also goes on to examine the structure of the accommodation.

Accordingly, this chapter is divided into five parts. The first part looks into the events that led to the development of these emerging political complexes. What triggered their development after 1988 and why not before? This informs the conditions the political actors faced at the time of the accommodation and why they would agree to the new rules of the game. The subsequent section then looks into the political economies of in the Pa-O SAZ before and after the ceasefire agreement and explains how different camps were pitted against each other under the new configuration. The content of the ceasefire agreements will then be analysed in depth, and, based on the analysis, the veil of the co-optation strategy will subsequently be lifted. The chapter concludes by providing an assessment on the co-optation strategy and explaining why the second level of accommodation has been achieved.



## 5.1 The Dawn of Emerging Political Complexes

The ceasefire initiative started in 1989 has redrawn the political landscape of the conflict areas. These ceasefire agreements facilitated the formation of emerging political complexes, allowed the regime to appoint their agents in the elite accommodation strategy, and divided the resistance all in one stroke. Therefore, it is vital to understand how these ceasefire agreements, which created the unique post-1988 political landscape, were reached.

### 5.1.1 The ceasefire agreements

The ceasefire initiative after the 8888 uprising was a defining moment in the pacification project of the regime, for it abandoned the ‘four cuts’ counter-insurgency strategy administrated in the 1970s and 1980s, and began to respond to the demands of the ethnic armed groups on the issue of self-determination.<sup>127</sup> However, there was a lack of transparency when it came to the terms of the ceasefire agreements. To begin with, these early ceasefire agreements were merely verbal agreements and therefore subject to interpretation (Zaw Oo & Win Min, 2007, p. xii). As South (2008, p. 125) states, ‘the lack of objective information and analysis on the PaO and other ceasefires makes it difficult for observers and actors to judge the desirability of and prospects for truces in areas of ongoing armed conflict’.

According to Zaw Oo and Win Min (2007), the early ceasefire agreements can be divided into three waves. The first wave consisted of agreements reached in 1989; the agreements made between 1991 and 1992 constitute the second wave, while the third was those agreed in 1994–95 (see Appendix 3).<sup>128</sup> The significance of this classification is that the outcomes of the agreements reflected the bargaining positions of the armed groups, their significance in the eyes of the regime, and how the armed groups were divided.

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<sup>127</sup> The ‘four cuts’ refers to cutting off the supply of food, funds, information, and recruits.

<sup>128</sup> The classification by Zaw Oo and Win Min (2007) has omitted the ceasefire agreement reached between the Kachin Independence Organisation (KIO) and the regime on 1 October 1993. However, the characteristics of the terms of the agreement, especially the point that it was demarcated with a special region, made it more indicative of a second wave agreement.

The first wave of ceasefire agreements, concluded in 1989, was a breakthrough in the sense that the agreements represented a strategic departure from previous peace efforts. Whereas previous negotiations were along the lines of conventional conflict resolution protocols of disarmament, demobilisation, and reintegration (DDR), the ceasefire initiative of the SLORC, controversially, did not require disarmament. The ethnic armed groups insisted on keeping arms because they did not trust the government, and, more importantly, they needed the weapons to protect their interests from competing armed groups. Apart from agreeing to the armed groups' demands for keeping arms, the early ceasefire agreements contained two essential ingredients: financial incentives and a demarcation of territories. The cases of the Myanmar National Democracy Alliance Army (MNDAA) and the United Wa State Army (UWSA) should help to illustrate the typical ceasefire terms.

The MNDAA were based in the Kokang area. As the first group to agree to ceasefire in March 1989, they were allowed to keep their arms within their controlled area, which was then demarcated as Special Region 1, Northern Shan State. Moreover, the 2,000-man army was given 500,000 kyat, two cars, food, and, more importantly, consent to increase opium production (Smith, 1999, pp. 378-379).

The second group that came to the negotiation table was the UWSA. They reached agreement with the regime in May 1989 and walked away with a similar deal to that of the MNDAA. Again, they were allowed to keep their arms within their territory, which was designated as Special Region 2, Shan State. They too received food, fuel, money, and consent to carry on the drug business. In general, the groups that entered into ceasefire agreements with the regime in the first wave enjoyed favourable deals when compared with subsequent deals (Zaw Oo & Win Min, 2007, p. 16).

These ceasefire agreements were viewed as a divide-and-rule tactic. They were not political settlements, and the continual possession of arms meant future conflict could easily flare up, as has been proven.<sup>129</sup> Moreover, the regime was selective with

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<sup>129</sup> Lun Min Mang. (2016, November 30). China, Myanmar meet as fighting continues in Shan State *Myanmar Times*., Retrieved from <http://www.mmtimes.com/index.php/national-news/23969-china->

whom it would negotiate, with the CPB of the 101 region in Panwa being a case in point. The 700-strong CPB militants based in the 101 region requested ceasefire talks with the regime in September 1989. However, the SLORC refused to talk until the militants severed ties with the CPB central command by forming a breakaway group, the New Democratic Army–Kachin (NDAK). The NDAK reached a ceasefire agreement with the regime in December 1989. The remainder of the 101 regional force also wanted to hold ceasefire talks with the regime but was refused. These CPB remnants had nowhere to turn but to seek refuge in China (Zaw Oo & Win Min, 2007, p. 16).

Zaw Oo and Win Min (2007) do not really explain why agreements made between 1991 and 1992 should be regarded as the second wave and not treated as a continuation of the first wave; after all, the content of the terms was pretty much the same, which involved the provision of financial baits and the demarcation of territories. However, the second wave of ceasefire negotiations came on the back of two major developments, which perhaps helped to demarcate the difference. First, the SLORC had strengthened its military power when it took delivery in 1990 of US\$1.2 billion worth of weapons from China (Lintner, 1994). Second, the regime refused to transfer power after the NLD won a landslide victory in the 1990 general election. The first development gave the SLORC the upper hand at the negotiation table. However, the second development further weakened the regime's legitimacy to rule the country. Therefore, both the regime and the ethnic armed groups were willing to continue ceasefire talks, but the former was in a far better position to deploy its divide-and-rule tactics. This imbalance was reflected in the difference in the terms of the agreement made during the second and third waves.

The clear difference between the second and third waves is that special regions were not granted to ethnic armed groups in the agreements made after July 1994. As a case in point, agreement with the PNO fell within the second wave, whereas the agreement with the SNPPO (later the PNLO) came in the third wave. Consequently, the PNO was rewarded with Special Region 6, whereas the SNPPO received no such treatment.

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[myanmar-meet-as-fighting-continues-in-shan-state.html](#). Since 2015, the MNDA and the *Tatmadaw* have been engaged in hostilities.

In refusing to demarcate territories to certain ethnic armed groups, the regime had laid plain its objective to maintain control through divide-and-rule. The political landscape was one in which certain groups enjoyed preferential treatment at the expense of other stakeholders. These newly created local hegemons fed on the ceasefire terms, but would the resulting political economies be conducive to state control?

## **5.2 The Political Economy of the Pa-O SAZ**

As outlined in the previous chapter, there are three main types of political actors in the Pa-O SAZ: political parties, political activists, and CSOs/NGOs, which can be located in the pro-regime camp or the anti-establishment camp (see Figure 8). These political actors were not static but evolved and transformed through time. The first transformation took place in 1989, when the PNA reached a ceasefire agreement with the regime, which was followed by the SSNPLO (later the PNLO) in 1994. The second transformation took place after 2011, when the new regime under U Thein Sein permitted the rapid development of CSOs/NGOs and encouraged political activists to form political parties. These transformations not only precipitated new political actors, but, crucially, they also altered the structures of the previous patron-client relations.

### **5.2.1 The political economy in Pa-O before 1989**

The PNO was the first of the two Pa-O armed groups to reach a ceasefire agreement with the regime in 1989. In order to understand the transformation that took place after 1989, it is necessary to apprehend how the PNA, as an armed group, survived during the hostile years prior to the ceasefire agreement. What were its sources of income? Where did it get the arms and the money to pay the soldiers? Such background is relevant to an investigation related to the construction of the current political economy because the networks established by the PNA before 1989 would not simply be dismantled after the ceasefire agreement; if anything, the new found 'peace' may have helped to consolidate these networks and positions.

In outlining the evolution of the PNO in the previous chapter, mention was made of a PNA operative by the name of Ye Naung, who defected to the regime in 1977 with eight million baht.<sup>130</sup> This incident is of interest because it sheds light onto one of the income sources of the armed group. Before Ye Naung surrendered to the *Tatmadaw*, he was the ‘liaison officer’ stationed in Thailand to collect taxes on behalf of the PNO. In 1975, he set up a ‘customs post’ at KOUNG NEING near the Thai-Burma border to collect ‘taxes’ on illegal smuggling (Christensen & Sann Kyaw, 2006, pp. 31-33).<sup>131</sup> This outpost had a commanding view of the narrow valley underneath, thus providing the perfect spot for the PNA to control access to the important trade route between Burma and Thailand (Boucaud & Boucaud, 1988, p. 152). Indeed, smuggling was an important business in the cross-border trade between Burma, Laos, and Thailand, infamously dubbed the Golden Triangle. The SURA, KMT, and PNO were all stakeholders in these important trade routes.<sup>132</sup> The PNO imposed a tax of 50 kyat per head for every Pa-O trader going through the route. For caravans carrying jade and not escorted by SURA soldiers, the PNO would charge 400 baht per horse. These were the windfalls that the PNO gained on top of what they taxed from Pa-O people at a bi-annual rate of 50 kyat per household (Boucaud & Boucaud, 1988, p. 153).

In contrast, the main backer of the SSNPLO before 1989 was the CPB. Without the CPB, the political map of the Pa-O would have been very different, for Tha Kalei would not have been able to borrow troops and reclaim their territories when they fought with their arch rival, the PNO, in 1974.<sup>133</sup> In turn, the CPB was supported by the CPC (Lintner & Black, 2009, p. 18). However, after the CPB mutiny in 1989 and the CPC also having their own problems in China, the SSNPLO suddenly found itself short in ideological, material, and financial support. When the PNO reached a ceasefire agreement with the regime, the SSNPLO was left with no choice but to accept the inevitable, i.e. much inferior ceasefire terms.

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<sup>130</sup> See Section 4.2.1

<sup>131</sup> The illegal goods consisted of contraband goods, precious stones, jade, antiques, and, of course, opium.

<sup>132</sup> After Ye Naung surrendered to the *Tatmadaw*, the outpost was taken over by the KMT; however, through negotiation, the outpost was returned to the PNO control in 1978 (Christensen & Sann Kyaw, 2006, p. 32).

<sup>133</sup> See Section 4.2.1

Unlike the PNO, there is no evidence to suggest that the SSNPLO relied directly on taxing the opium trade as their income. Although the CPB used to impose a 10% tax on opium farmers and traders in areas that it controlled, this practice was condemned by its main patron, the CPC, to the point that ‘anyone caught with two kilograms or more of heroin [...] would face execution’ (Lintner & Black, 2009, p. 18). Therefore, taxing the opium trade was not a reliable income source for the SSNPLO. Instead, like the PNO, they levied a bi-annual rate of 150 kyat (three times the rate charged by the PNO) on each Pa-O household in their territories, in addition to asking for a rice contribution (Boucaud & Boucaud, 1988, p. 153). Although the SSNPLO also levied taxes on other illegal smuggling apart from opium, the revenue received from taxing the opium trade was far more lucrative, which explained the PNA being better funded and armed than the SSNPLO.

Essentially though, before the ceasefire agreements, both the PNA and the SSNPLO were simply, in Mancur Olson’s (1993) terms, roving bandits. They tried to maximise their short-term gains at the expense of the long-term prosperity of the people on whom they relied. There was no patron-client relation, just blatant extortion. However, this situation changed after 1989. The PNO got its own administrative territory in Special Region 6, whereas the SSNPLO did not receive the same treatment. This had a significant effect on the development of the subsequent political economy, for the PNO has since become a stationary bandit, whereas the SSNPLO remains a roving bandit to this day.

### **5.2.2 The political economy in Pa-O after the ceasefire agreements**

The ceasefire agreement the PNO agreed with the regime fell into the second wave. However, the terms of the ceasefire agreement were very different from the previous ones. According to a senior executive of the Central Committee of the PNO, the armed group did not ask for economic incentives:

*[O]ther organisations asked for business opportunities for their organisations and living costs for army members and their families. They asked for car permits, how much tons of teakwood and mining, etc. Our group did not ask for*

*anything. [...] We asked for building schools, clinics, hospitals, road construction and bridges.*<sup>134</sup>

Other armed groups who were negotiating a ceasefire told them ‘our organisation is an organisation that doesn’t know how to take its opportunities’.<sup>135</sup>

This account by the senior executive of the PNO differed from the accounts in the literature that cover the ceasefire deal. Zaw Oo and Win Min (2007, p. 28) state that ‘a business committee was set up under the PNO and was given a fairly large set of business deals including logging and jade’. Likewise, South (2008, p. 124) remarks that ‘the PNO was granted various business concessions’; however, he further comments that the group also received substantial government development assistance, which appeared to tie in with the senior executive’s account. The accounts made by the ceasefire scholars are not necessarily incorrect, since they simply point out that business incentives were provided. However, they do not pay sufficient attention to the actual mechanism of how these interests were transferred, and therefore they ignore the subtle change in ceasefire strategy from ceasefire settlement to warlord co-optation. This change in strategy will be examined further in the next section, but the ceasefire agreement with the SSNPLO needs to be investigated in order to demonstrate that the deal with the PNO was indeed a co-optation strategy.

The ceasefire agreement with the SSNPLO, which fell into the third wave of ceasefire deals, is an interesting case for comparison. The SSNPLO reached a ceasefire agreement with the regime in October 1994. Under the ceasefire terms, the SSNPLO was given 15 free car permits, worth around US\$50,000 at that time in the black market, and another 30 permits that were 60% tax-exempted, with the eventual buyers needing to pay 40% tax to the government.<sup>136</sup> The deal appeared to be very generous, especially considering that the first ceasefire group, the MNDAA, was

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<sup>134</sup> Interview on 27 August 2014.

<sup>135</sup> Interview on 27 August 2014.

<sup>136</sup> Interview on 8 August 2014. The values of the cars were quoted directly and could not be independently verified. However, when asked to clarify the types of cars, the interviewee said that the permits were for all types of cars, including heavy-duty lorries, which were in high demand for commercial activities but in great shortage at that time.

only given two cars. However, there is a substantial difference in the arrangement with the SSNPLO in that they were not granted a special region like other ceasefire groups before them. Indeed, in the subsequent third wave ceasefire agreements, special regions were not granted to the Shan State National Army (SSNA) or to the New Mon State Party (NMSP) (see Appendix 3).

While, on the surface, it seems as if the SSNPLO received more than their rival, the PNO, the reality was the complete opposite. The fact that the PNO was granted Special Region 6 made them the *de facto* sole administrator in the designated area. This gave the PNO legitimacy and recognition, but, more importantly, the PNO was effectively transformed from being a roving bandit to a stationary bandit, thus allowing them to impose control over the Pa-O people. However, the PNO activities did not go unchecked. The rise of CSOs in the Pa-O community since 2011 has challenged the PNO on issues such as land grabbing, pollution, and corruption. Hence, it is necessary to look at the effects of these CSOs on the local community.

### **5.2.3 The effect of CSOs on the Pa-O political economy after 2011**

After the general election in 2010, the repressive Than Shwe regime was replaced by that of Thein Sein, a reform-minded military in civilian uniform. The West began to re-engage with Myanmar, and international actors entered the scene in the Pa-O community. One of the most prominent features of the post-2010 political landscape was the significant growth of CSOs in the area. While these CSOs had different objectives, they had several similarities.

First, they received financial support from international donors. The main patron of KRSAN was the National Endowment for Democracy (NED), an international non-governmental organisation funded by the US Congress. Their three-store office, which cost \$250 a month to rent, was underwritten by the NED.<sup>137</sup> DEMO was another group that was funded by the NED. In October 2014, a senior officer in charge of DEMO was invited by the American Center in Yangon to participate in a

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<sup>137</sup> Interview with KRSAN on 10 August, 2014.



capacity-building workshop in New York for three weeks.<sup>138</sup> The PYO was funded by Open Society Foundations, an international NGO backed by the famous financier George Soros. They also received financial assistance from the Burma Relief Centre, based in Thailand, and Volunteer Service Overseas.<sup>139</sup> The significance of having foreign patrons is that the CSOs could claim the moral high ground, as they did not need to rely on the state sponsored political economy, which inevitably raised impartiality concerns.<sup>140</sup>

Second, the leaders of these CSOs were very young, mostly under 30. In addition, they were well-educated, spoke fluent English, were ideologically oriented towards democracy, and, more importantly, were politically mobilised. The success of these individuals motivated other youths to follow their cause. In villages, where job opportunities were minimal, the opportunity to go abroad and work for CSOs had become an attractive job alternative to being farmers. This had inspired many youths to take English lessons at the KRSAN centre and participate in activities organised by these CSOs. Importantly, these international actors had empowered the pro-democracy actors in the Pa-O community to provide resistance against the regime and their affiliates.

These local CSOs were not acting alone. They had links with political activists at the state level, in particular with the 88 Group, because they shared similar ideas on democracy and self-determination. Therefore, these CSOs, with international actors as their patrons, formed a formidable alliance with state activities in a united front against the regime and the PNO, which has been regarded as a state crony (see Figure 10). With the help of the CSOs, cases of land grabbing were exposed and culprits for pollution were reported – the work of the PYO on the Tigyt coal mine being a case in point (Pa-Oh Youth Organization & Kyoju Action Network, 2011). Of course, these CSOs only became active after 2011, but this only serves to underline the difficult task in controlling a frontier that had been embroiled in

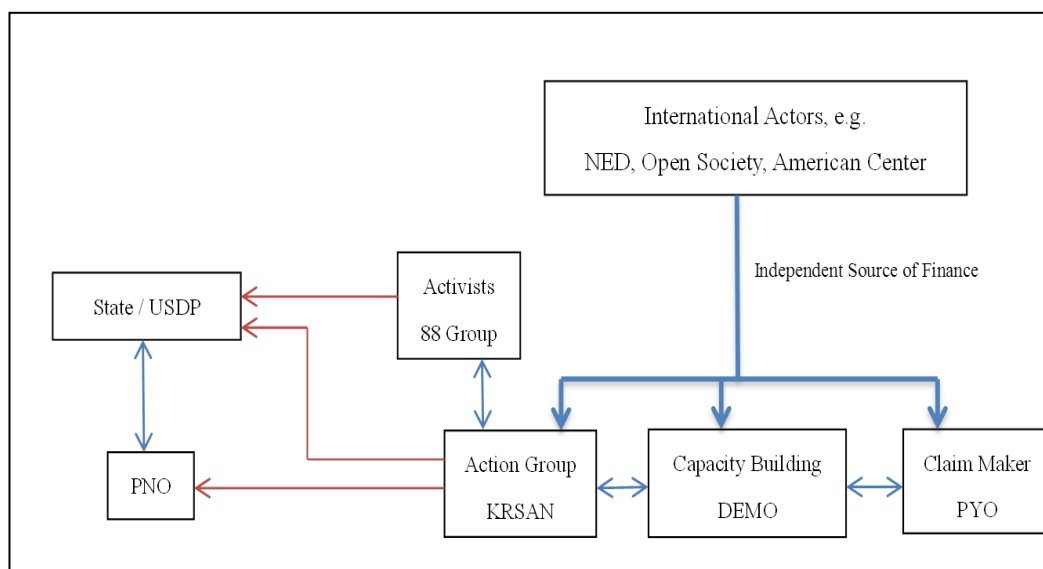
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<sup>138</sup> Interview with DEMO on 9 January 2015.

<sup>139</sup> Interview with PYO on 15 January 2015. The group appears to be very well funded, as they have nine full-time staff occupying two detached houses.

<sup>140</sup> Based on interviews conducted between September 2014 and January 2015, Pa-O villagers claimed that the PDN only entertain projects in villages which support PNO.

conflict since independence. Therefore, how could the regime make the co-optation work? Choosing the right agent would appear to be a prerequisite (Aspinall, 2014). Therefore, the following section looks into the regime's co-optation strategy.



*Figure 10: Organisation of local resistance against pro-regime political actors*

## 5.3 Ceasefire Capitalism and the Co-optation Strategy

Recalling the remarks made by a senior executive of the PNO, the organisation did not ask for any financial rewards from the regime when negotiating a ceasefire. If the PNO did not ask for any financial incentives in the ceasefire deal, where did it get the money from in order to support its operation? The following sections aim to explain how the PNO was co-opted into the state system and, by so doing, to identify the political-business collusion that facilitated the identity transformation.

### 5.3.1 The business network of the PNO/PNA

The question of where the PNO got its finances from was put directly to the chairman of the organisation, who stated that the PNO got its money from ‘donors’. He went on to explain that the PNA had business investments, and the PNO was given shares in those investments by the PNA (hence the use of the term ‘donor’). The distributed profits from these investments funded the PNO’s activities.<sup>141</sup>

<sup>141</sup> Interview with the Chairman of the PNO on 27 August 2014.

Based on a separate interview with a senior PNO member in charge of the business division, it can be revealed that the PNA owns two hotels in the famous tourist hotspot Lake Inle, under the corporate name Golden Island Hotel Group.<sup>142</sup> The Nampan Hotel (Golden Cottages Nampan) was opened in 1996. It was the first floating hotel on the lake and had 20 rooms to begin with. In 1999, five more rooms were added, and then an extra five more in 2000, with the final expansion taking place in 2001, which took the total number of rooms to 40. The Golden Island Cottages Thale U was opened in 1999. Located on the eastern bank of Inle Lake, it was started with just ten rooms, but another 15 rooms were added in 2004. Even with the room expansion, the total capacity of the two hotels is very moderate. The lack of capacity limited the scope of co-operation with tour operators, therefore substantially undermining the occupancy rates. The group did not keep data regarding occupancy levels in the early years, but because, by law, each visitor has to fill in a registration form, the number of tourists staying in the hotels was available (see Table 2).

Being the first floating hotel on Lake Inle, the Nangang Hotel had its obviously appeal in the early days. Coupled with the room expansion two years later, the hotel benefited from increased tourist traffic and saw its guest-to-room ratio rise from 135 in 1998 to 207 by the end of the millennium. However, even with the completion of the Golden Island Cottages Thale U in 2000, the guest-to-room ratio actually fell consistently to a low of only 99 tourists to a room in 2006 (with the only exception in 2003). Increase in competition was one of the reasons for the fall in occupancy rates. The number of hotel rooms operated by private ownership in Shan State was 1,709 in 2000. However, the number of rooms had almost doubled to 3,216 by 2006 (Central Statistical Organisation, 2012). In Nyaung Shwe, the village where tourists would board sight-seeing boats for Lake Inle tours, there were 42 hotels run by private entrepreneurs by 2011 (MMRD Business Insight, 2013). Moreover, the capacity utilisation rate for the most part of the first ten years of operation was below 20% (see Table 2). The average expenditure per tourist per day was estimated at US\$60 in 2000, rising to US\$94 in 2006 (MMRD Business Insight, 2013). Assuming that a typical tourist would spend one night at the hotel, the revenue that the hotel group

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<sup>142</sup> Interview on 9 January 2015.

could receive would still be very limited.<sup>143</sup> Without looking at the actual accounts of the hotels, it is not possible to ascertain if the hotels were profitable. However, given the limited room capacity, which inevitably hindered economies of scale, it is doubtful that the hotel business could make a substantial contribution to the PNA and the PNO. However, according to the PNO chairman's account, the organisation does not have any other disclosed business apart from the hotels. Therefore, there must be other sources of income to support the PNA and the PNO.

**Table 2: Golden Island Hotel Group - guest and capacity ratios**

Year	Number of Rooms	Number of Guests	Guest-to-Room Ratio	Capacity Utilisation Rate % <sup>144</sup>
1998	20	2703	135.2	18.5%
1999	20	4699	235.0	32.2%
2000	25	5185	207.4	28.4%
2001	40	5926	148.2	20.3%
2002	50	5842	116.8	16.0%
2003	50	7122	142.4	19.5%
2004	50	5540	110.8	15.2%
2005	65	7086	109.0	14.9%
2006	65	6437	99.0	13.6%

*Source: Golden Island Hotel Group*

### 5.3.2 The 'Donor' of the PNO

When the chairman of the PNO said that the organisation received contributions from 'donors', apart from the hotel business, he was referring to the organisation's main patron Nay Win Tun. A former PNA General, Nay Win Tun was the key figure in the regime's co-optation strategy in Pa-O. Before becoming one of the richest men

<sup>143</sup> The average length of stay for a foreign tourist in Myanmar was around 6.5 days, based on Myanmar tourism statistics (in MMRD Business Insight, 2013). Given that there was only one flight arriving in the morning from major cities (Yangon, Bagan, and Mandalay) to Heho (the nearest airport to Lake Inle), and the same flight would take departing tourists back to other cities, it is reasonable to assume that first-time tourists would only stay for one night in the Lake Inle area.

<sup>144</sup> The Capacity Utilisation Rate is calculated by assuming each room sleeps two people and there are 365 days in a year.

in Myanmar, Nay Win Tun was the right-hand man of PNO's leader Aung Kham Hti.<sup>145</sup>

After the PNO reached a ceasefire agreement with the regime, Nay Win Tun dropped his gun and became an entrepreneur. Under the Ruby Dragon Group of Companies, the former enemy of the state controls seven companies. The Ruby Dragon Jade and Gems Company Limited and the Ruby Dragon Mining Company Limited have been granted concessions to operate jade mines in Pha Kant and Tawmaw in Kachin State, Khamti in Sagaing Division, Mogok in Mandalay Division, and Mongshu in Shan State. His business empire does not stop at mining but also stretches to retailing and tourism. Kyauk Sein Nagar (Gems) Limited is a retail jewellery operation based in Yangon. The Ruby Dragon Trading Company Limited focuses on trading precious stones. In 2004, Nay Win Tun formed the Ruby Winery Factory in Nyaung Shwe in Southern Shan State. In 2005, amid controversies of land grabbing and pollution, he set up the Dragon Cement Factory on a 728-acre site in Tigyt. In 2007, he opened the Ruby Jade Hotel Resort and Spa in Yangon. Part of the profits from these businesses goes to funding PNO operations.<sup>146</sup>

When the executive of the PNO said that the group did not ask for any monetary benefits from the regime in the ceasefire talks, he was withholding information about the transfer of interests through the newly co-opted agent of the state, Nay Win Tun.

## **5.4 Lifting the Veil of the Co-optation Strategy**

In lifting the veil of the co-optation strategy, this section asks three questions. First, what is the relationship between Nay Win Tun, the PNO, and the regime? Second, why should the hotel operation and Nay Win Tun's business empire be regarded as the regime's co-optation strategy for its frontier pacification project, and not just a normal local development after ceasefire agreement? Third, why was the co-optation strategy also a divide-and-rule tactic? The answer to the first question can be found in a speech by Nay Win Tun during a presentation ceremony for the biggest jade find

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<sup>145</sup> Wai Moe. (2007, October 31). Nay Win Tun: Burma's gem stone tycoon. *The Irrawaddy*. Retrieved from [http://www2.irrawaddy.com/article.php?art\\_id=9164](http://www2.irrawaddy.com/article.php?art_id=9164)

<sup>146</sup> Interview with the Chairman of the PNO on 27 August 2014.

in Myanmar's history. The answer to the second question can be found by scrutinising the locations of the businesses that the PNO and Nay Win Tun operated. Finally, the revelations to the first two questions should provide the answer to the third.

#### **5.4.1 The relationship between the regime, the PNO, and Nay Win Tun**

In a presentation ceremony in May 2002, during which the Ruby Dragon Jade Company donated the biggest jade find in the history of Myanmar to the regime, Nay Win Tun gave a speech with Secretary-1 of the SPDC Lt-Gen Khin Nyunt in attendance: 'as a private enterprise, [...] uncut jade was mined during the period of seven years and it fetched K200 million and US\$10 million. Altogether [...] US\$1 million of gem tax has already been paid to the state'.<sup>147</sup> However, this tax contribution paled in comparison to the donation of 3,000 tons of jade that was found by the Ruby Dragon Jade Company in Phakant, Kachin State. The jade stone was of good quality, measured seventy feet long, 20 feet high, and 16 feet wide, and its colour consisted of white, purple, blue, and deep green.<sup>148</sup> No valuation was given to the stone, but, to put it into perspective, the country extracts around 30,000 tons of jade each year, worth an estimated total of US\$42 billion (Global Witness, 2015a). Therefore, the stone donated by Nay Win Tun could account for 10% of the country's annual extraction and could be worth over US\$4 billion, depending on the quality of the stone.

The reason for donating something of such magnitude was nicely summed up by Col. Hkun Okker, chairman of the PPLO, which subsequently merged with the PNLO, the main local opposition to the PNO. In answering questions from a reporter, Col. Okker had this to say about the donation: 'We know what kind of donation this is [...] The enemy is destroying our revolution with economic opportunities'. When further asked whether there was a rift between the SPDC and PNO, which caused the donation, Col. Okker said: 'I don't think so because, among the ceasefire leaders, U

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<sup>147</sup> Speech by Nai Win Tun during the donation ceremony. Retrieved from <http://www.myanmarembassysa.com/trade/largest%20jade.htm>

<sup>148</sup> Speech by Nai Win Tun during the donation ceremony. Retrieved from <http://www.myanmarembassysa.com/trade/largest%20jade.htm>.

Aung Hkam Hti always gives the most respect to SPDC officials'.<sup>149</sup> It is important to note that the comments by Col. Okker carry weight because he was in charge of foreign affairs for the PNO before the split, and therefore he was an informed person who could see the issues from both sides.<sup>150</sup>

There are three points in Col. Okker's comments that require further clarification. First, the relationship between the regime and the PNO had always been good. Second, the donation by Nay Win Tun was seen as a bribe for more business opportunities for the state crony. Finally, these new business opportunities would mean more potential revenues for the PNO, which, in turn, was seen as bad news for its opposition.

The donation reflected the intricate patron-client relations in the Pa-O area. The tax paid by Nay Win Tun to the state was just the tip of the iceberg. According to a report by Global Witness, based on official import data from China, the production of jade in 2014 was around US\$12 billion.<sup>151</sup> However, the report states that the black market for jade could be as much as three times the official figure (Global Witness, 2015a). As one of the biggest jade operators in the country, Nay Win Tun was at the centre of one of the most lucrative businesses in Myanmar.<sup>152</sup> For a long time, the mining business in the country has been under tight state control. According to a Kachin leader, 'Hpakant is one of the most valuable places on earth because you can earn billions from a very small area [...] and yet only a small number of people are getting the advantages' (Global Witness, 2015a, p. 5).<sup>153</sup> Nay Win Tun was awarded several mining concessions in Kachin State, so obviously he was immensely rewarded, but for what? The interviews with the chairman and executives of the PNO confirm that Nay Win Tun was the patron of the organisation. Consequently, it can be argued that the regime co-opted Nay Win Tun and relied on his influence over the PNO to control Special Region 6, which later became the Pa-O SAZ. Therefore, it

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<sup>149</sup> Naw Seng. (2002, May 30). Pa-O donate gigantic piece of jade. *The Irrawaddy*. Retrieved from [http://www2.irrawaddy.com/article.php?art\\_id=3018](http://www2.irrawaddy.com/article.php?art_id=3018)

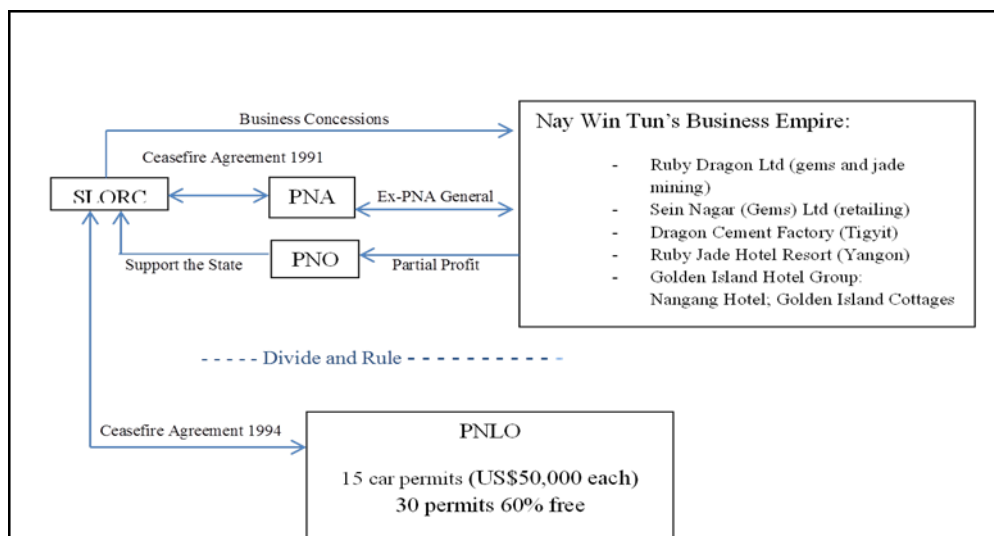
<sup>150</sup> See Chapter 4 regarding the evolution of the political actors in the Pa-O.

<sup>151</sup> China is the biggest importer of Burmese jade.

<sup>152</sup> To put the figures into perspective, the IMF puts the GDP for Myanmar in 2015 at US\$63.14 billion.

<sup>153</sup> Hpakant is one of the major jade mining towns in Kachin State.

was a three-way patron-client relation between the regime and Nay Win Tun, Nay Win Tun and the PNO, and the PNO and the regime. The first part of the three-way relation saw the transfer of lucrative state assets to former ethnic armed rebels, or what can be called elite accommodation. To maintain this relation, Nay Win Tun donated the 3,000-ton jade find to the state in 2002. Thus, the second part of the relation can be seen as what Wong (2013) describes as an identity transformation – the conversion of a former state enemy into a state ally, an entrepreneur who maintained control of his armed group through patronage. Without the financial support from Nay Win Tun, the PNO would not have sufficient resources to administrate the Pa-O SAZ by purely relying on the two hotels at Inle Lake. But why would Nay Win Tun maintain ties with an armed group? The answer could only be because, in order to perpetuate his wealth, he needed to fulfil his side of the bargain to deliver the state ceasefire objective of decentralisation without losing control. In essence, the regime, through Nay Win Tun, enrolled the support of the PNO to fulfil its grand pacification strategy. The PNO became a pro-regime establishment and supported the policy of the state. This is the third part of the three-way patron-client relation, in addition to completing the second level of accommodation as suggested by Migdal (see Figure 11).



**Figure 11: Co-optation strategy in the Pa-O SAZ**

The other point that needs to be clarified is what Col. Okker meant in stating that the donation would destroy their revolution? In making this statement, Col. Okker reminds us of the root of the Pa-O conflict, i.e. a struggle against the ruling elites.



The Pa-O nationalist movement was started against the Shan *sawbwas*, and after the *sawbwas* surrendered their hereditary rights to the state, their struggle began targeting the ruling regime. The word ‘revolution’ reflects the communist background of the PPLO and PNLO. Yet, why would the donation destroy their revolutionary ambitions? The devil is in the detail. Recalling the different ceasefire terms between the PNO and the SSNPLO, although, on the surface, the SSNPLO appeared to have received much more than its counterparts, car permits were just one-off financial gains. The regime never tried to co-opt the group into the state system. In contrast, the three-way patron-client relation that tied Nay Win Tun and the PNO to the state was given perpetual funding through business concessions. Therefore, the donation by Nay Win Tun was seen by Col. Okker as another nail in the coffin of the revolutionary struggle.

#### **5.4.2 Business opportunities as co-optation strategy**

In trying to lift the veil of the co-optation strategy, the beginning of this section asked why the business granted to Nay Win Tun and the PNO should be regarded as a co-optation strategy instead of normal state-sponsored development after the normalisation of relationships and ceasefire. The answer can be found in the location of these businesses.

The Golden Island hotels are located on the banks of Inle Lake (see Figure 12). Specifically, they are located outside Special Region 6 but inside the Shan territories. Given that Shan and Pa-O have not been peaceful neighbours, it would be inconceivable that the PNO could operate two hotels in the popular tourist area without the backing of the SLORC. A similar hotel proposal at the time perhaps best illustrates the difficulties in getting a hotel built in the Lake Inle area.

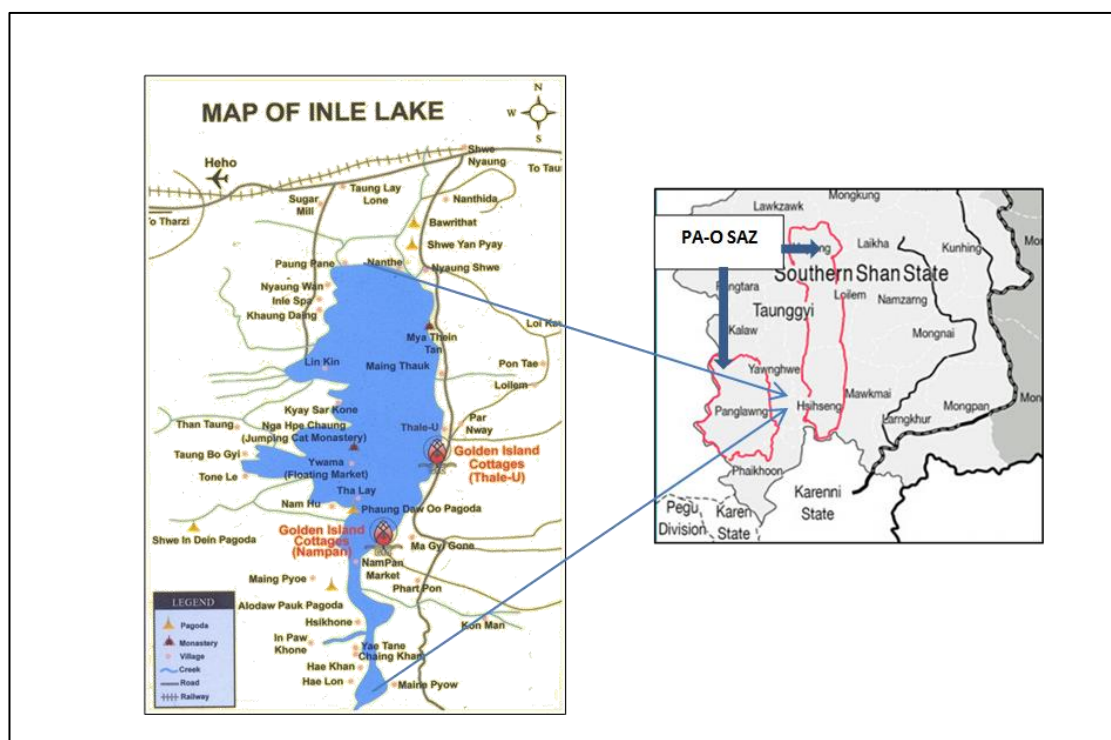
In 1994, the Shangri-La Group, owned by Malaysian and Hong Kong tycoon Robert Kuok, reached an agreement with the regime to build the Traders Hotel (renamed the Shangri-La Hotel in 2014) in central Yangon.<sup>154</sup> To capitalise on the successful conclusion of the Traders Hotel agreement, a proposal to build a hotel at Inle Lake

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<sup>154</sup> See Footnote No. 5.

was put forward to the then Director General of the Directorate of Hotels and Tourism at a meeting in Yangon. However, the director general immediately rejected the idea by citing problems of land ownership.<sup>155</sup>

However, the person in charge of the Golden Island Group provided a different perspective. On the question of land, he claimed that it was never an issue because the government owned all the land. He suggested that the hotel project was a gesture of goodwill from the regime to provide sustainable financial support to the ceasefire group.<sup>156</sup>



*Figure 12: Locations of the Golden Island hotels (Source: Golden Island Hotel Group)*

At a time when Western sanctions were beginning to bite on the economy and the country badly needed foreign investment, it appeared illogical that the more qualified Shangri-La group was not offered the hotel project, and yet the PNO, which had no previous experience in managing a hotel, instead obtained permission.

<sup>155</sup> As a director of the Myanmar Fund, I was present at the meeting with the director general. See Footnote No. 6.

<sup>156</sup> Interview on 9 January 2015.

The pattern of offering business opportunities outside the Pa-O SAZ and in sensitive areas is not uncommon in the case of the Pa-O pacification project. Jade mining is one of the most lucrative businesses in Myanmar, and licenses to operate jade mines are tightly controlled by the regime (Global Witness, 2015b). However, the Ruby Dragon Company controlled by Nay Win Tun was granted mining licenses in Hpakant, Kachin State. While these mining licenses have transformed Nay Win Tun into a crony of the state, they also indirectly enriched the PNA and pitted the Kachin against other ethnic groups. As Global Witness (2015a, p. 14) points out, ‘watching licensed companies controlled by the worst enemies gobble up their natural inheritance is a source of simmering resentment amongst the Kachin people’.

More importantly, these businesses, located outside the Pa-O SAZ, brought little or no benefits to the ordinary Pa-O people. They did not contribute to employment. They only served to empower the PNO at the same time as weakening the capacity of their opponents.

### **5.4.3 Co-optation as a divide-and-rule tactic**

Shan State is a multi-ethnic yet resource-rich area. However, uneven development, centre-periphery rivalry, inter-ethnic hostility, and intra-ethnic conflict have ridden the country since independence. The divide-and-rule administration of the British was recycled in the post-colonial period under the military regime. Rebranded into self-administrated zones, these ceasefire ethnic armed groups had interests overlapping each other. The state had, on the surface, decentralised authority to local ethnic elites, but, in reality, the regime had pitted these political actors against each other in what can be called the 21<sup>st</sup> century divide-and-rule. Unlike the British version, which simply divided the country geographically into Burma Proper and the Frontier Areas, the 21<sup>st</sup> century divide-and-rule was more meticulous. It divided groups of the same ethnicity by creating exclusive self-administrated zones. It created irreconcilable conflict among different ethnic groups by dividing up resources in other groups’ territories.

The preferential treatment to the PNO against the PNLO is a case in point. Notwithstanding the fact that the two armed groups had their differences even before the intervention of the regime, the situation after 1991 made this worse. The ceasefire agreements installed the PNO as the stationary bandit and bestowed them with the monopoly use of force in the demarcated area, whereas the PNLO was left stranded as the roving bandit without its own territories. The lucrative business concessions to Nay Win Tun ensured that the PNO had recurrent income to sustain its dominance, yet the PNLO had not been given the same opportunities. In fact, until after the PNLO signed the Nationwide Ceasefire Agreement in October 2015, the group was still on the list of illegal organisations under the Unlawful Association Act, and, as such, they could not register any company to conduct business.<sup>157</sup>

More alarming though, the divide-and-rule strategy deliberately pitted rivals at the local and state levels against each other. Conflicts between Shan armed groups and Pa-O armed groups regularly flared up. Recent fighting took place in September 2014, when the SSA fought with the PNLO. The SSA was accused of burning down the new facilities built by the PNLO in Maukmae, a town outside the Pa-O SAZ.<sup>158</sup>

The business concessions granted to the PNO and Nay Win Tun were also sources of discontent. The hotels at Inle Lake are in Shan territory. Likewise, the jade mines controlled by Nay Win Tun are in Kachin State. The Kachin and the Shan rightly feel that their interests are being taken away from them. For most ethnic minorities who demanded federalism and self-determination, this issue needs to be addressed. However, existing beneficiaries of this unfair allocation would resist any attempt to change the status quo. This is where the Murdoch school of critical political economy becomes relevant because it argues that the collusion between the state and business elites would prevent the introduction of any reforms that may harm their interests, and consequently any state-society relations would remain tense and confrontational.

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<sup>157</sup> Interview with a leader of the PNLO on 7 November 2015.

<sup>158</sup> See Section 4.6.2.

## 5.5 Assessing the Co-optation Strategy

Ceasefire capitalism and elite co-optation have transformed the political economy of the Pa-O SAZ. The PNO became the stationary bandit and were given sole administrative responsibility. The lucrative business concessions given to Nay Win Tun ensured that the group had abundant financial resources at their disposal. However, given the rise of civil society groups and political reforms introduced since 2010, has the co-optation strategy worked for the regime?

Assessing the question from the perspective of the results from the two general elections in 2010 and 2015, it can be argued that the strategy was successful because the PNO won both elections. The 2010 election may not be that relevant because it was generally regarded as flawed (The Centre for Peace and Conflict Studies, 2011). Interviews with villagers also reveal that many of them believed the PNO rigged the result through fraud at the polling stations. More importantly, the PNO had no real competition in the 2010 election. Their main political rivals, the NLD, SNLD, and UPNO, did not participate in the election. However, the success of the PNO in the 2015 election was a surprise to many people. They were the only pro-regime ethnic political party that retained all its seats from the 2010 election. This success came amid three negative developments as far as the PNO was concerned. First, the 2015 election was hotly contested, and the PNO was not the only Pa-O political party to represent the Pa-O. The UPNO was registered as a political party in 2013, and they were campaigning on the grounds that the PNO was just a crony of the state and did not really serve the interests of the Pa-O. The NLD and SNLD were also courting Pa-O voters. Therefore, Pa-O voters had genuine choices. A second factor that might have affected the chances of the PNO was the participation of independent watchers to monitor the election. The 2015 election caught the attention of the world as it was a showcase of liberal political development, which justified the West's warming relationship. Over 2,000 independent observers from all over the world took part in monitoring the election process. Under such circumstances, it would be very difficult for anyone to rig the result. Therefore, the 2015 election was generally considered to be fair and open. Lastly, the 2015 election was more challenging for the PNO because of the participation of CSOs in providing voter education. Villagers were

shown dummy polling cards so that they would not make mistakes in filling them out. They were also informed about their rights. Therefore, how did the PNO manage to secure their win in the 2015 election?

Ceasefire capitalism and elite co-optation provided alternative strategies from the conventional conflict resolution of disarmament, demobilisation, and re-integration. Although they are different in form, they do not deviate from the embedded objective of any conflict resolution, i.e. the return of order and control to central authority. However, after applying these concepts to the case of Myanmar, the quest for the conduit through which political authorities constructed at the macro level are transmitted to the micro level is still missing. Under ceasefire capitalism and elite co-optation, a three-way patron-client relation can be identified between the regime, Nay Win Tun, and the PNO, and, because of this patronage relationship, the PNO was converted into a state crony. They were given unrivalled financial resources. Yet, how did the PNO deliver their side of the bargain in helping the regime to secure control? The PNO won the elections in their area of control, but how did they achieve it amid challenging circumstances? The PNO is the political wing of the PNA, and while they are two sides of the same coin, what is the role of the PNA in the ceasefire zone? Did the PNA play any part in the election victory of the PNO?

In terms of the regime's pacification project, the Pa-O SAZ was a new frontier where political order was being reconstituted. There are layers of political order, with the state at the top and moving down through the region to the SAZ. This chapter has constructed the political order at the SAZ, the third layer, and contextualised it in terms of political economy and the patron-client relationship. However, in order to find out how the PNO could assist the regime in maintaining control, the investigation needs to extend one level deeper to the village level, which is the aim of Chapter 6.

## **Chapter 6:**

# **Deciphering Control: The Manifestation of Power at the Local Level**

The previous chapter explained the co-optation strategy of the regime through providing lucrative business concessions to an ex-PNA general Nay Win Tun, who, in turn, used part of the profit to fund the PNO, the political wing of the armed group. The PNO became a pro-regime ethnic political party and, in the 2010 and 2015 elections, won all the seats in the Pa-O SAZ. The victory in the last election was particularly worth noting in that the PNO were the only pro-regime political party that managed to retain all their seats in a relatively free and fair election, which was closely monitored by independent international observers. How did the PNO achieve the result amid resentment from the locals over issues, such as land grabbing and corruption? The elite accommodation strategy, or what Woods terms ceasefire capitalism, could only explain this up to the point of stopping armed confrontation with the regime; in this sense, it fails to illuminate how social control could be implemented in favour of the regime in the Pa-O SAZ. According to Migdal, social control can be observed from how society complies with the rules of the game, participates in the state project of extraction and attribution, and provides authority for the legitimation, even though it may be against the will of the people. Unlike the 2010 election, the locals had choices in the last election. Instead of the PNO, they could have voted for the NLD or another Pa-O political party, the UPNO. Therefore, this chapter aims to determine how the PNO managed to secure its seats in the election amid strong competition and an adverse election climate. This involves identifying the implementer and explaining the process of the final level of accommodation to complete Migdal's triangle of accommodation in the survival strategy. To recall, the implementer is someone who is 'usually far from the sight of state leaders', and, in terms of the overall power configuration, is someone who would 'pose little danger of creating power centers that could threaten the position of state leaders' (Migdal, 1988, p. 238). Therefore, whoever is identified as the implementer also needs to fit Migdal's description.

Accordingly, this chapter is divided into three sections. Using the election result as the reference point for measuring success in control, the first section focuses on the issues of what the ordinary Pa-O want from their political parties and how the election results reflected these realities. This section offers plausible explanations for the victory, thereby highlighting the work done by the PNO behind the scenes. It is important to stress that this analysis is not assuming the election success was necessarily a manifestation of control, but rather, it purports to offer an objective insight into how the PNO operated in order to maintain social control. In the course of the analysis, a figure between the PNO and the villagers in the shape of the village tract leader (VTL) was mentioned in several interviews, which suggests that they could be the implementer that this research is looking for. They would certainly fit the description of being far away from sight of the leader and not posing a challenge to the power of the regime. Therefore, the next section aims to contextualise the role the VTLs played in the PNO social control strategy. Finally, the conclusion of this chapter consolidates the argument that the VTLs are indeed the nexus of power between the state and villages.

## **6.1 What Do the Pa-O Want from Their Rulers?**

The fight for self-determination was embedded in the ethnic struggle even before the independence of the country. The desire for self-determination was often mixed with other demands by political actors at various times, on issues such as democracy, federalism, and even independence. Yet, with the ceasefire agreement and the eventual establishment of a SAZ, have these political appeasement measures satisfied the demands of the Pa-O? With regard to the ordinary Pa-O, the majority of whom are farmers, do they really understand what democracy or federalism entail? Alternatively, as Scott (1976) has postulated under a moral economy, do they simply want justice in the form of the right to subsistence and reciprocity? Further, from a different perspective, could these ordinary farmers simply be looking for a way to escape the wrath of the state, as argued by Scott (2009) in his study of Zomia, a highland area of 2.5 million square kilometres covering five countries and populated by ethnic minorities? However, if they cannot escape the inevitability that the arms of the state will encircle them in one way or the other, would they be content with submission under a ruler whose virtue afford him the authority along the vision of



the Prince, as offered by Machiavelli (1992)? In this regard, their actions could be the result of rational calculations, or what Popkin (1979) calls trade-offs. The only way to find out is to follow Scott's (1976, p. 160) approach, which 'must start phenomenologically at the bottom and ask what the peasants' or workers' definitions of the situation is'.

Having an understanding of what the ordinary Pa-O want from their rulers could offer an explanation of the PNO's success, or contradictorily, expose the harsh reality of oppression. In explaining the election victory, the findings could provide evidence to support the argument that the PNO has transformed from a roving bandit to a stationary bandit. On the other hand, if the evidence raises doubts about the PNO's support, then alternative reasons need to be identified.

### **6.1.1 Questionnaire design**

In order to understand what the Pa-O people really want from their leaders, a simple questionnaire was compiled to lay the groundwork for further inquiry. The questionnaire contained two parts, the first of which consisted of personal information on ethnicity, religion, and the participants' professions.<sup>159</sup> The second part of the questionnaire, in multiple choice format, was formulated into three main themes. The first theme was focused on social infrastructure delivery, or assets that accommodate the provision of social services, including the provision of schools, hospitals (healthcare), roads, jobs, and, in more general terms, living standards. The second theme related to the notion of stability, since, without stability, there is no sustainable development and there will be no peace. Accordingly, this group of questions focused on the issues of peace, protection of ethnic rights, equality, environmental protection, democracy, sustainable development, and the 2008 Constitution. There were also questions on which political party the participants voted for in 2010 and which party they would most likely vote for in 2015. The final theme raised the issue of overseas investments, and the people's opinions on these investments in relations to social problems, such as increasing corruption, land grabbing, and pollution (see Appendix 4: Questionnaire). The inclusion of the

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<sup>159</sup> The section on ethnicity and age is to ensure that the data would be relevant and valid.

questions on attitudes towards foreign investment was informed by leaders of CSOs, who argued that some of these projects were the source of major social grievances, such as land grabbing, pollution, and corruption. Since these projects could not have been undertaken without the collaboration with the PNO, therefore, interviewees' attitudes and experiences on these investments could offer rich insights into how the PNO dealt with resistance.

The questionnaire, written in English, was translated into Burmese by Informant 1 and checked by Informant 2 in order to ensure that the meaning of the questions had not been lost in translation.<sup>160</sup> The target was to have 150 completed questionnaires generated from seven different locations: twenty questionnaires from each village (i.e. two villages from each of the three Pa-O SAZ townships) and thirty questionnaires from Taunggyi.<sup>161</sup> To strike a balance between efficiency and effectiveness, participants were divided into groups of three to four and the questions were explained to them when necessary.

The questionnaire was carried out over ten days between 2–11 August 2015. Given the time constraints and transportation logistics, village selection was confined to those that could be reached on a day-return basis from Taunggyi.<sup>162</sup> The PNO were informed of the plan to undertake the questionnaires and interviews, but the exact dates of the visit and names of the villages were not disclosed to them. For each township, one village was selected by consulting both informants and the other village was based on the suggestion of locally active CSOs, such as KRSAN and PYO.

### **6.1.2 Summary of questionnaire findings**

A total of 150 questionnaires were collected, 30 from Taunggyi, 20 from Village A (HPA) and 20 from Village B (HPB) in Hopong Township, 20 from Village A (HHA)

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<sup>160</sup> Informant 1 is Burmese. Informant 2 is Pa-O.

<sup>161</sup> According to the PNO, almost half of the population in Taunggyi are Pa-O.

<sup>162</sup> Under The Ward and Village Tract Administration Law No. 1/2012, the village headman has to report any foreigner staying in the village overnight to the PNO. Therefore, to avoid exposing the identity of the villages and causing inconvenience to the village headman, no overnight stay was planned.

and 20 from Village B (HSB) in Hsi Hseng Township, and finally, 20 from Village A (PLA) and 20 from Village B (PLB) in Pinlaung Township.<sup>163</sup> Village A refers to villages that were chosen after consultation with Informants 1 and 2, whereas Village B represents villages that were suggested by local CSOs. The gender and age distributions of the participants are summarised in Table 3:

*Table 3: Particulars of the participants that took part in the questionnaire*

	Total	Taunggyi	HPA	HPB	HHA	HHB	PLA	PLB
<b>Total No. of Participants</b>	150	30	20	20	20	20	20	20
<b>Male</b>	93	22	11	13	14	11	11	11
<b>Female</b>	57	8	9	7	6	9	9	9
<b>Age: Mean</b>	31.86	31.9	25.2	32.45	35.5	32	35	30.95
<b>Age: Median</b>	29	32.5	23	28	34	30.5	33.5	29
<b>Age: Mode</b>	24	33	22	19	39	24	28	29
<b>Age Range: Oldest</b>	73	54	47	63	73	60	60	47
<b>Age Range: Youngest</b>	18	18	18	19	21	18	18	18

(Note: HPA=Village A in Hopong Township; HPB=Village B in Hopong Township; HHA=Village A in Hsi Hseng; HHB=Village B in Hsin Hseng Township; PLA=Village A in Pinlaung Township; and PLB=Village B in Pinlaung Township)

The development that the villagers would like to have is summarised in Table 4. As can be seen, the provision of social infrastructure received over 60% support from the participants. The villagers wanted their political party to build more schools (61%), hospitals (67%), roads (69%), create more jobs (75%) and improve the living standards (71%). On the contrary, the questions regarding the issue of stability received a less favourable backing. Apart from the demand for maintaining peace (59%), the other issues such as promoting ethnic rights (46%), equality (36%), environmental protection (35%), development (45%) and change in the Constitution (17%) received below-average support. The initial findings suggest that the villagers are more sensitive to issues where they can see direct benefits, as opposed to issues that were more ideologically driven.

<sup>163</sup> Taunggyi is not part of the Pa-O SAZ; however, about 50% of the population is of Pa-O origin, and that is not counting those who seek work in the capital of Shan State. Being exposed to a more developed area of the country, the opinion of this group of Pa-O may offer a useful contrast to the demands of the Pa-O who still live in the rural areas, which, in turn, may suggest how development affects the perspectives of political demand.

On the question of whether Chinese investment would be welcomed in the area, only 10% responded positively (see Table 5). In Pinlaung Township, no interviewee supported Chinese investment in Village A, and the attitude towards Chinese investment fared only slightly better in Village B, with just 5%. Coincidentally, these two villages also recorded the strongest resentment against Chinese investment, as many believed that they were the cause of pollution (60% for both Villages A and B), land grabbing (Village A: 60%; Village B: 55%), corruption (Village A: 55%; Village B: 45%), and other social problems (Villages A and B both at 35%).

*Table 4: Demands on political parties: percentage of 'yes' responses*

<b>Political Demands:</b>	<b>Full Survey</b>	<b>Taunggyi</b>	<b>HPA</b>	<b>HPB</b>	<b>HHA</b>	<b>HHB</b>	<b>PLA</b>	<b>PLB</b>
<b>Build more schools</b>	61%	40%	75%	60%	65%	60%	55%	85%
<b>Build more hospitals</b>	67%	37%	75%	70%	60%	70%	85%	90%
<b>Build more roads</b>	69%	37%	75%	55%	80%	85%	85%	85%
<b>Better job opportunities</b>	75%	60%	85%	80%	85%	75%	65%	85%
<b>Improve living standards</b>	71%	60%	80%	65%	75%	70%	65%	85%
<b>Maintain peace</b>	59%	43%	65%	55%	55%	65%	60%	75%
<b>Protect ethnic rights</b>	46%	27%	50%	40%	55%	55%	35%	70%
<b>Promote equality</b>	36%	23%	50%	40%	25%	35%	30%	55%
<b>Protect the environment</b>	35%	20%	50%	35%	35%	25%	30%	55%
<b>Promote democracy</b>	50%	63%	60%	60%	30%	40%	35%	55%
<b>Promote development</b>	45%	63%	60%	50%	25%	25%	45%	40%
<b>Change in the Constitution</b>	17%	7%	35%	25%	20%	10%	10%	20%

This finding was not unexpected because the highly controversial Tigyt coal mine and power plant are both located in Pinlaung Township.<sup>164</sup> Yet, when asked which political party they would vote for in the 2015 election, 75% of interviewees in Village A said they would vote for the PNO, while only 20% said they would vote for the NLD. The responses from Village B were not as extreme, in that 45% of the interviewees said they would vote for the PNO and 50% said they would vote for the NLD. Although 65% and 45% of these interviewees voted for the PNO in the 2010

<sup>164</sup> The background of the Tigyt project will be covered in more detail later in the chapter.

election, and the PNO therefore appear to have a strong follower base, it needs to be kept in mind that the PNO had no competition in the 2010 election, whereas the NLD was a formidable opponent in the 2015 election. Therefore, such a situation begs the question as to why the PNO are still well supported despite the Tigyt controversies.

*Table 5: Attitudes on Chinese investments in the area*

	<b>Total</b>	<b>Taunggyi</b>	<b>HPA</b>	<b>HPB</b>	<b>HHA</b>	<b>HHB</b>	<b>PLA</b>	<b>PLB</b>
<b>Good for development (Yes)</b>	15%	10%	10%	30%	25%	15%	10%	10%
<b>(No)</b>	13%	7%	0%	5%	0%	25%	30%	25%
<b>Welcomed</b>	10%	10%	10%	20%	15%	10%	0%	5%
<b>Caused pollution</b>	31%	20%	10%	20%	25%	30%	60%	60%
<b>Caused land grabbing</b>	38%	30%	10%	25%	35%	55%	60%	55%
<b>Caused corruption</b>	33%	27%	15%	15%	30%	50%	55%	45%
<b>Caused social problems</b>	25%	17%	10%	20%	40%	25%	35%	35%
<b>Prefer other countries</b>	22%	7%	10%	20%	25%	40%	25%	35%
<b>2010 Election<sup>165</sup></b>								
<b>- voted for the PNO</b>	39%	17%	30%	25%	55%	45%	65%	45%
<b>- voted for the USDP</b>	11%	0%	5%	5%	10%	15%	20%	25%
<b>2015 Election</b>								
<b>- will vote for the PNO</b>	42%	3%	55%	25%	55%	55%	75%	45%
<b>- will vote for the NLD</b>	35%	50%	10%	45%	25%	35%	20%	50%

### 6.1.3 Explaining the support for the PNO

The replies to the questionnaire strongly suggest that the Pa-O voters wanted to have more social infrastructure built. The following sub-sections will examine the delivery of education and healthcare in the Pa-O townships since the PNO became the main administrator in 1991.

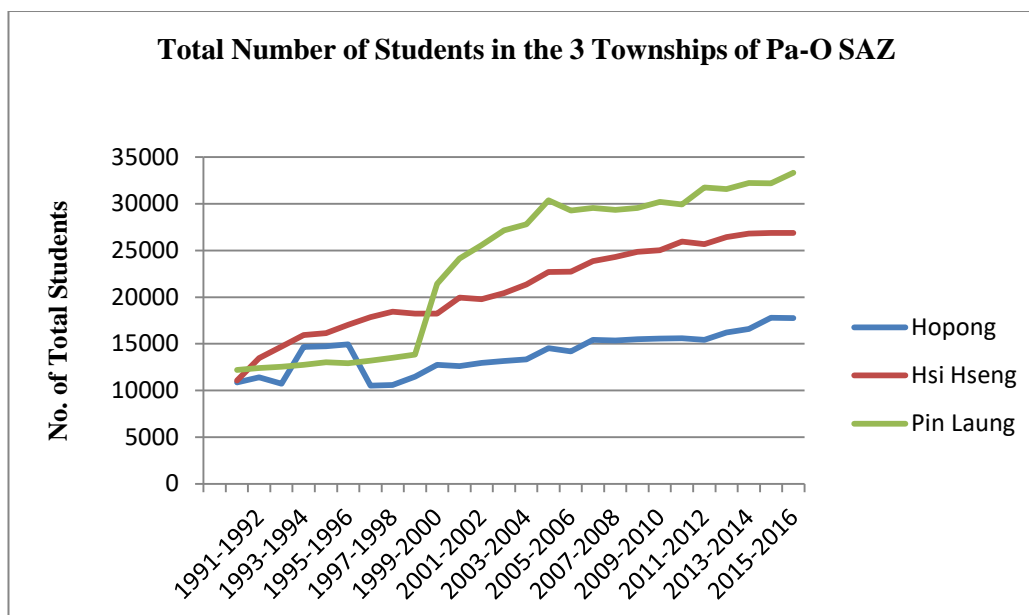
#### 6.1.3.1 The provision of education

There was no surprise that the questionnaire found that Pa-O voters placed a lot of emphasis on education. In a meeting with the students who attended an English class organised by the KRSAN, many despaired about the lack of development in the Pa-O area and believed that a good education could help them to improve their job opportunities and escape the poverty trap.<sup>166</sup> The following charts show what the

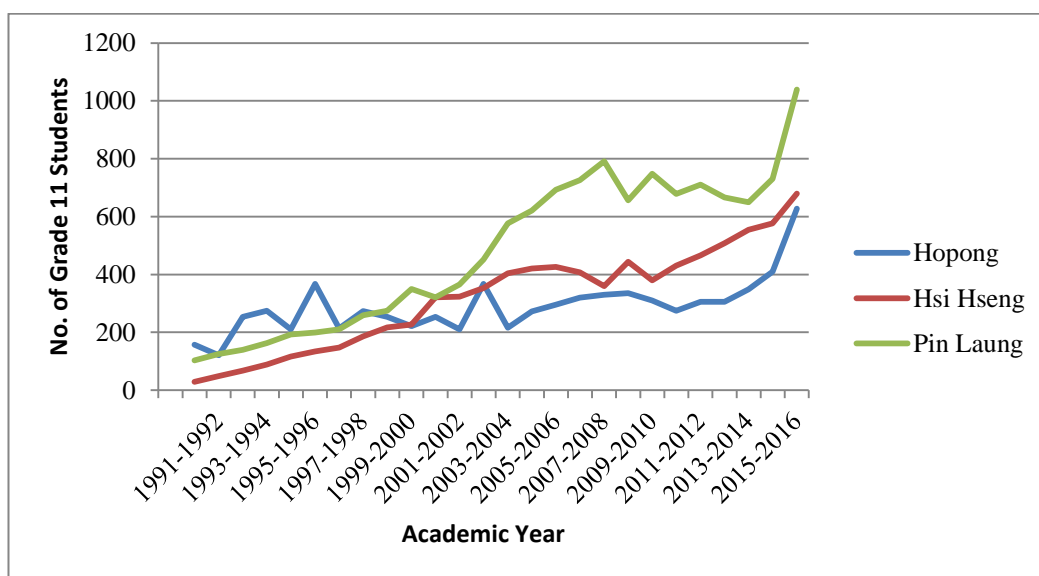
<sup>165</sup> The NLD did not take part in the 2010 election because it refused to participate in an allegedly undemocratic election.

<sup>166</sup> KRSAN organised a three-month workshop, held each Saturday morning, to promote the use of English. The meeting was held on 10 August 2014 after the students took a reading class on English in KRSAN's premises.

PNO achieved in delivering education in terms of the total number of students in each of the township from 1991 to 2015 (see Figure 13),<sup>167</sup> the number of Grade 11 students from the same period (see Figure 14), and the total number of schools, compared to other areas in Shan State (see Figure 15).



**Figure 13: Number of students in the three townships of the Pa-O SAZ, 1991–2015 (Source: Department of Education, Taunggyi).**



**Figure 14: Number of grade 11 students in the three townships of Pa-O SAZ, 1991–2015 (Source: Department of Education, Taunggyi).**

<sup>167</sup> The total number of students include student grades 1 to 5 in primary schools, grades 6 to 9 in middle schools, and grades 10 to 11 in high schools.

Southern Shan State Area	Primary Schools		Middle Schools		High Schools		Total		Increase %
	1991	2015	1991	2015	1991	2015	1991	2015	
Pa-O SAZ (3 Townships)	458	488	15	62	4	30	477	580	22%
Other Pa-O Areas (7 Townships)	865	863	60	117	24	94	949	1074	13%
Danu SAZ (2 Townships)	207	158	9	30	2	17	218	205	-6%
Other Southern Shan State (9 Townships)	435	525	18	40	9	34	462	599	30%

**Figure 15: Comparing the number of schools in different parts of Southern Shan State (Source: Parami Development Network [an NGO established by the PNO]).**

As can be seen in Figure 13, based on the data provided by the Department of Education in Taunggyi, the increase in the total number of students between 1991 and 2015 was impressive. The slowest growth was in Hopong, but it still registered a 63% increase in the twenty-six-year period. In Hsi Hseng, the total number of students grew 143%, from 11,072 to 26,877. The sharpest increase of student numbers was recorded in Pinlaung, where the twenty-six-year period witnessed a 173% increase, from 12,194 to 33,318. More tellingly, the number of grade 11 students also showed a sharp increase, as shown in Figure 14. This indicates that more students received an education to a level that allowed them to pursue a university degree.

The PNO were also building more schools in the Pa-O SAZ than other comparable areas. From 1991 to 2015, there was a 22% increase in the number of schools in the Pa-O SAZ, compared with just 13% in other Pa-O areas (Figure 15). In contrast, the Danu SAZ, another SAZ in Southern Shan State, actually experienced a 6% decline in numbers. Therefore, it can be argued that the PNO deserves credit for the delivery of education to the Pa-O SAZ. Indeed, the person in charge of the PDN proudly claimed that most of the students attending the University of Taunggyi were Pa-O and the literacy rate had reached 60-70%, compared to less than 20% before the PNO took charge.<sup>168</sup>

<sup>168</sup> Interview on 3 September 2015.

### 6.1.3.2 *The provision of healthcare*

The delivery of healthcare was another major concern for the Pa-O voters. At the township level, there are three main types of healthcare provision. At the basic level are sub-rural health centres, which only have midwives. At a higher level are the rural health centres, which are staffed by health assistants and nurses. At the top level are the station hospitals, where, finally, one can find qualified doctors. The Township Health Department in Taunggyi did not provide data before 2001; however, the information obtained was nonetheless valuable in assessing the achievement of the PNO with regard to healthcare delivery. The numbers of the various centres at each PA-O township in 2001 and 2015 are outlined in Figure 16.

As can be seen from the data, the PNO administration have added substantially to the number of sub-rural health centres in all townships. Although the sub-rural health centres only have midwives, they symbolically conveyed a message of care to the villagers who, for centuries, had been deprived of basic needs at childbirth. Moreover, the facilities at the station hospital have also been improved over the years. For example, according to the person in charge of the PDN, the hospital in Pinlaung only started with 10 beds, which increased to 25 over the years.<sup>169</sup> Furthermore, new equipment was added to the hospitals with the help of donations, noticeably from the Nippon Foundation.<sup>170</sup>

Township	No. of Station Hospital		No. of Rural Health Centre		No. of Sub-Rural Health Centre	
	2001	2015	2001	2015	2001	2015
Hopong	1	1 (50 beds)	2	4	6	21
Hsi Hseng	0	1 (50 beds)	2	6	8	26
Pinlaung	0	1 (25 beds)	2	6	5	32

**Figure 16: Number of hospitals and health centres in the Pa-O SAZ, 2001–2015 (Source: Township Health Department, Taunggyi).**

<sup>169</sup> Beds were also added to the hospitals in Hopong and Hsi Hseng, but the person in charge of the PDN did not have the figures at hand.

<sup>170</sup> Interview with the PDN on 3 September 2015.



#### 6.1.4 How contentious issues were dealt with by the PNO

The above two sub-sections have illustrated that the PNO had delivered its obligation as a stationary bandit to provide public goods to its people in the form of education and healthcare. However, the PNO was not without any blame. How did the political group still manage to command support from the people when contentious issues such as land grabbing were rampant? In this section, attention is drawn to the development in Pinlaung Township, where the country's largest open-pit coal mine and the nearby power plant have resulted in pollution and large-scale land grabbing. Yet, the questionnaire demonstrated that the PNO still had strong support among the local people worst hit by the projects. What accounted for this voter behaviour?

According to a report, the coal mine was first contracted by a consortium of companies led by the China National Heavy Machinery Corporation (CHMC), with the Shan Yoma Nagar Company, Eden Company, and Special Region (6) Business Group among the initial investors for the US\$10 million project (Pa-Oh Youth Organization & Kyoju Action Network, 2011, p. 23). The CHMC is a Chinese state-owned company with a substantial domestic and overseas mining portfolio.<sup>171</sup> The Eden Company is owned by one of the regime's cronies, Chit Khaing.<sup>172</sup> The Special Region (6) Business Group is strongly related to Nay Win Tun and the PNO, although ownership cannot be confirmed.<sup>173</sup> As the biggest open-pit coal mine in the country, it supports a 120 megawatt coal-fired power plant located about one and a half miles away. The CHMC and the Eden Company were commissioned to operate the power plant. Work began in 2002 and it became fully operational in 2005. Two villages were relocated by force, and over 500 acres of farmland were confiscated.

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<sup>171</sup> *Bloomberg: Company Profile*. Retrieved from <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=30465639>. The company's corporate profile also listed the Tigyt project as one of its overseas operations. Retrieved from [http://www.chmc2003.com/en/channels/59\\_3.html](http://www.chmc2003.com/en/channels/59_3.html).

<sup>172</sup> Watts, J. (2006, November 2). Burmese outraged at lavish junta wedding. *The Guardian*. Retrieved from <https://www.theguardian.com/world/2006/nov/02/burma.jonathanwatts>. Chit Khaing, together with other state cronies, reportedly bankrolled the wedding of the daughter of former President Than Shwe.

<sup>173</sup> 'Special Region 6' was the name of the demarcated area under PNA control after the 1991 ceasefire agreement; therefore, this would strongly suggest that a company carrying the special area's name must be related to the administration behind it. The chairman of the PNO revealed that the organisation only owned the two hotels in Inle Lake (see Chapter 4). Therefore, it would appear that the Special Region (6) Business Group is under Nay Win Tun, who, after all, was an ex-PNA general and received most of business concessions from the regime.

The air and water pollution from the mining and coal-fired plant affected over 12,000 people living within a five-mile radius of the site. According to the report, over 50% of the people living in the area suffered from skin rashes and breathing difficulties (Pa-Oh Youth Organization & Kyoju Action Network, 2011). Although the government promised jobs to the locals, the PYO claimed that most of the employees were not from the villages affected. Indeed, over 1,000 farmers lost their land, and only a handful of them were employed by the project, mainly as truck drivers (Pa-Oh Youth Organization & Kyoju Action Network, 2011, p. 35).

With the Tigyt project as background, perhaps it is not difficult to understand why Villages A and B in Pinlaung Township showed resentment against Chinese investment and held it to blame for the social problems. However, if this assessment is correct, how can it be reconciled with the strong support shown to the PNO, who was also involved in the project? When asked who they would vote for in the 2015 election, 75% of participants from Pinlaung Village A said they would vote for the PNO, and 45% would do the same from Village B. In contrast, only 20% and 50% respectively indicated they would vote for the NLD. If the NLD were the voice of the oppressed, then surely they should do well in Pinlaung Township.

An intriguing development took place in late 2014, which may perhaps explain the support for the PNO in the 2015 election. The Tigyt power plant stopped operations in October 2014. There was no official announcement, nor was there any media coverage from the newspapers at the time, and therefore it was not known to people outside the circle. The villagers knew about it because the factory chimney stopped producing toxic smoke. An interview with ten villagers representing three villages next to the power plant reaffirmed that there was no official announcement, and they had only heard about the stoppage during a meeting with the VTL in early 2015.<sup>174</sup>

Government policy on the coal power project in 2015 appeared to back the villagers' optimism. In July 2015, the Ministry of Electric Power (MOEP) cancelled the 280MW Htantabin coal-fired power project near Yangon. In this regard, the then

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<sup>174</sup> Interview on 30 July 2017.

Deputy Minister of MOEP was quoted as saying, ‘We want people to know that the environmental and social impacts of greater power projects are guaranteed. We will implement such projects in the least social and environmental impactful way.’<sup>175</sup>

Later on, before the election, a PNO candidate went to the villages and told the villagers to vote for the PNO. The villagers obliged because they felt happy about the stoppage.<sup>176</sup> The PNO candidate won by 85.7% of the vote in the 2015 election and successfully became a Member of Parliament (MP). He revealed that, during the election campaign, the issue of Tigyt had never come up.<sup>177</sup>

## **6.2 The Shadows of the Village Tract Leaders: Re-establishing the Patron-Client Relations in the Pa-O SAZ**

The previous sub-sections have highlighted what the PNO has done for the local community in terms of building schools and health centres. However, given that resources are limited and accessibility is a concern, who determines which village gets what, how, and when? Bearing in mind that, in the Tigyt saga, the villagers only found out about the stoppage from their VTLs, does the VTL also have a role to play in the allocation of resources? The following cases reveal the extent of the VTLs’ influence on major local issues.

### **6.2.1 The agony and irony of living next to a power station**

The village concerned was located at the back of the Tigyt power plant, and to access the village one needed to pass through the front of the station. The village had about 500 villagers, divided into around 95 households. The meeting was with the village headman, who was later joined by three villagers. The village headman provided a description of the role and capacity of the VTL.

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<sup>175</sup> Aung Shin. (2015, September 1). Coal power projects to be delayed. *Myanmar Times*. Retrieved from <http://www.mmmtimes.com/index.php/business/16245-coal-power-projects-to-be-delayed.html>.

<sup>176</sup> Interview on 30 July 2017.

<sup>177</sup> Interview on 2 August 2017.

The village headman recalled that, when the factory was being built, villagers were forced to take a long detour around the construction site in order to get into the village. It was only in the last few years that the road was built and they could use the direct access route into the village. The villagers dared not complain because there were soldiers (*Tatmadaw*). He added that even the then VTL was afraid: ‘the *Tatmadaw* told him (VTL) to do as he was told’.<sup>178</sup> He recalled that, in the old days, the VTL was normally the most knowledgeable person in the village tract and therefore commanded respect. However, after the PNO became the administrator, the VTL was appointed by the PNO, and the current VTL had not been changed for over ten years. Given that the current VTL confirmed that he had been in the position for fifteen years, by deduction, there had been a change in VTL in 2002, around the same time as the Tigyit coal mine and power plant started construction.<sup>179</sup>

According to the village headman, the relationship between the PNO and the VTL was very close. He cited an example in which, during the 2015 election, when the PNO asked for a meeting, the VTL told the villagers that everyone had to go. Also, when the PNO wanted to build a monastery, the VTL asked the villagers to volunteer as workers.<sup>180</sup>

However, the irony of the case is that, despite the village being next to the power plant, the entire village did not have electricity. The village headman revealed that he was scared to talk to the media. He gave a television interview, which was aired,<sup>181</sup> and the same evening he received a call from the VTL, who told him not to talk to the media again, otherwise the village would not receive funding for the schools and the road. The village headman ended the meeting by saying that he did not want to talk any further because he was applying for electricity for the village and was scared that the VTL would find out and stop the application process.

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<sup>178</sup> Interview on 31 July 2017.

<sup>179</sup> Interview with the current VTL on 2 August 2017.

<sup>180</sup> According to an interview with the religious leader of the Tigyit Monastery on 2 August 2017, the large and imposing monastery sitting on top of the hill was only eight years old. The village headman was referring to this monastery.

<sup>181</sup> The media interview was about a proposal to re-start the Tigyit power plant.

## 6.2.2 Re-examining the patron-client relations at village tract level: a tale of two villages

The ceasefire agreement in 1991 installed the PNA as a stationary bandit. As informed by the village headman in the previous section, the choice of VTL was changed from electing the one who was most knowledgeable to being appointed by the PNO; so, how did this change alter the patron-client relations at the village tract level? The following sections examine the patron-client relations between the village and the administrator (PNA/PNO) and how this change affected the delivery of social infrastructure.

### 6.2.2.1 *The right to tax*

‘Soldiers come and ask for money; no money, and they take away our harvest’.<sup>182</sup>

This was the harsh reality of life in a Pa-O village prior to 1991. For confidentiality reasons, this village will simply be called Village M. The interview was conducted at the home of the village headman, and he was joined by six other members of the village, two men and four women. The village was chosen for an in-depth interview because, during the questionnaire exercise conducted earlier in August 2015, the participants were very proactive in asking questions, and, on the subject of building the road, they were clearly agitated.

The soldiers to whom the villagers referred to were from everywhere: *Tatmadaw*, sometimes PNA, SNPLO, and even Wa soldiers. The villagers saw the practice as a form of taxation. Resentment was strong among villagers because they believed that they paid their dues but did not get the protection in return: ‘one group comes and then another group’.<sup>183</sup> Yet, this scenario was to be expected, given that there was no local hegemon and everyone was behaving like a roving bandit.

The ceasefire agreement between the PNA and the SLORC turned a new chapter for the Pa-O, and the change was immediately felt in the village. The villagers recalled that, after Special Region 6 was demarcated under the administration of the PNA, no

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<sup>182</sup> Interview on 7 November 2015. The village was within the Pa-O SAZ, about a 2.5-hour drive from Taunggyi.

<sup>183</sup> Interview on 7 November 2015.

one came to ‘collect tax’ from them.<sup>184</sup> However, this did not mean that the livelihoods of the villagers improved. These villagers were farmers living on a subsistence level. They grew rice, vegetables, fruit, and betel vines, and, like many villages in Shan State, some of them also grew opium.<sup>185</sup>

The villagers in Village M recalled that, at first, they did not grow opium because they had heard of the harmful effects of opium on society. However, around 1996, they began to grow opium because other villages were also growing it. Pointing towards a mountain at a distance from the village, the village headman claimed that Wa villages were on the other side of the mountain: ‘The Wa grow opium. [...] They become rich and they use the money to buy guns. [...] We need to buy guns to protect ourselves’.<sup>186</sup> Other village members nodded in agreement.

At a time when growing opium was illegal, the practice provided rent-seeking opportunities for the local strongmen. Being the sole administrator in Special Region 6 meant that the PNA enjoyed the monopoly right to collect the ‘opium tax’ from the Pa-O people. Despite the political rhetoric of getting rid of opium plantations, the decades-long practice of Pa-O farmers growing opium remains under the protection of the PNA. The village headman of Village M recalled that the PNA charged the village five *lakh* per annum for the concession to grow opium, which was equivalent to around US\$400 per annum.<sup>187</sup> According to the headman, the actual amount the PNA charged varied according to the size of the village. At the time of the interview, Village M had 84 households made up of around 477 villagers. If a village was caught growing opium without paying the proper dues, the PNA would burn down the opium plantation and report the incident to the state government in order to claim the credit for opium eradication.<sup>188</sup> At around the turn of the millennium, the opium tax was raised to ten *lakh* for the village. However, Village M had stopped growing opium by 2003. The village headman explained that the villagers got scared after

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<sup>184</sup> Interview on 7 November 2015.

<sup>185</sup> Leaves of betel vines are commonly used for making very poor-quality local tobacco. Because there is demand in the local market for tobacco, growing betel is a major cash crop for villagers.

<sup>186</sup> Interview with Village M members, 7 November 2015.

<sup>187</sup> *Lakh* is the Burmese denomination for 100,000 kyat. Therefore, five *lakh* is equal to 500,000 kyat and, at the exchange rate of 1,250 kyat to the dollar, ten *lakh* is equivalent to US\$400.

<sup>188</sup> Interview with Village M members, 7 November 2015.

hearing stories about opium fields in other villages being attacked by the United Wa State Army and the *Tatmadaw*.

The practice of collecting opium tax is not a new form of patron-client relations. In the colonial days, Pa-O farmers had to pay taxes to their sovereign, the Shan *sawbwas*. However, after the *sawbwas* surrendered their hereditary rights in 1959 and various ethnic groups began their armed struggles with the central government, stationary bandits became roving bandits, and the conventional patron-client relations at different layers of society were destroyed.

However, the ceasefire agreements reached in 1991 installed the PNA as the sole administrator in the region. Despite this, development did not follow automatically after peace had returned. The headman of Village M revealed that opium growing is ongoing in Pa-O villages. This activity offers rent-seeking opportunities for the PNA. However, offering protection is just one form of patron-client relations between the PNO/PNA and the villagers; another form materialises in the shape of social infrastructure delivery. Indeed, the questionnaire revealed that Pa-O villagers showed more desire for building roads, schools, and hospitals than superficial stability. The stability is superficial because, even though the PNA and the *Tatmadaw* have stopped fighting, there are still internal conflicts with the PNLO and external conflicts with their Shan neighbours. Moreover, when land grabbing is rampant, villagers still feel insecure.

In the following sections, the patron-client relation is re-examined in light of social infrastructure delivery. To do this, the development in Village M is compared with a nearby village. The crucial difference between the two villages is that one had stopped growing opium since 2003 while the other was still paying an 'opium tax' to the PNA. Would this make any difference to the delivery of social infrastructure?

#### 6.2.2.2 *A tale of two villages*

The two villages in question are close to each other. Village M had a population of around 477 villagers, made up of 84 households. In contrast, Village N was much bigger, with about 1,200 villagers and 217 households. In terms of location, Village

M was closer to the main road than Village N. It took about thirty minutes by car to reach Village M from the main road. The road was a typical dirt road full of potholes. During the rainy season, both villages would become inaccessible by car. Village M and Village N shared the dirt road from the main road for about two kilometres, and then there was a split in the road to the left for about two kilometres that would lead to Village N. Village M would continue from the split in the road for about one kilometre. On the day of the visit, there were piles of stones on both sides of the dirt road at an interval of about 100 meters all the way from where it left the main road to the point where the dirt road split. The way the stones were piled at a regular distance suggested that the dirt road was going to be paved.

For three years, Village M had been asking the PNO, as the administrator of the Pa-O SAZ, to speed up development at the village. Specifically, the villagers were asking for funding to build a primary school, to build a reservoir, and to pave the dirt road so that the villagers could have easier access to the market without being held ransom by the weather.<sup>189</sup> The village headman explained that the villagers had no money to pay the VTL, and therefore there was no approval for the school and reservoir. When asked to clarify, the village headman said that the VTL needed to prepare a proposal on their behalf, and, without offering money to the VTL, the proposal did not go very far.<sup>190</sup>

Similarly, there was no response regarding the road. In March 2015, the villagers collected money and prepared to build the road themselves. At this point, a PNO Member of Parliament (MP) came to the village and stated that the village could only use his men to build the road. He told the villagers that the money was not enough, and therefore the money collected by the villagers would be used to buy stone, but the villagers had to provide accommodation and food for his workers. The villagers had no alternative but to agree. However, it subsequently transpired that the PNO was going to build the road for Village N all along. The PNO MP basically took the money and resources from Village M to build the road for Village N. Village M,

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<sup>189</sup> According to the villagers, even on a fine day, it would still take about four hours to walk to the market to sell their harvest.

<sup>190</sup> Interview with Village M headman on 7 November 2015.



which had started the application to pave the road first, ended up having to pay for the stone and provide food and accommodation for the workers, but they would not even get the road paved for the remaining part that led to the village. The villagers had no more money, and some of them blamed the headman for the result. Some villagers also claimed that Village N had bribed the VTL in addition to growing opium. In any case, there was *prima facie* evidence that Village N had received more favours from the PNO than Village M.<sup>191</sup>

On the day of the visit to Village N, there was a fallen tree about one kilometre from the split in the road. The car could not drive through, and therefore everyone had to walk for about forty minutes to reach the village. Along the sides of the dirt road, there were also piles of stone similar to those before the split in the road, which lent credibility to the claim by Village M that a stone road would be paved for Village N.

The walk to Village N was treacherous. The road was muddy and full of potholes, making the journey by foot extremely difficult and dangerous due to the slippery surface.<sup>192</sup> Village N lay deeper in the valley and closer to the mountain. The view of the village from the dirt road was blocked by dense trees, as if being deliberately hidden from sight. However, once passing the vegetation, the view opened up and revealed a great deal of construction work going on. The driver had informed the headman of Village N of the visit, and he was therefore expecting the arrival of the team. The meeting was held in his house, but, in comparison to the meeting with Village M, he was not joined by village members.

According to the Village N headman, the initiative for paving the dirt road was started by Village M. He learned about it when Village M made a request to the VTL, and he simply asked the VTL to extend the work to his village. He was not aware that Village M would not get the section of the road paved all the way to their village. When asked why he thought his village had received preferential treatment on the

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<sup>191</sup> At this stage it was revealed to the village headman and to the villagers that a meeting would be held with the VTL later on the same day, and they were asked if there was anything that they did not wish to be raised in the meeting, specifically on whether they would allow mentioning the differential treatment regarding the road. They were happy to have the issue raised with the VTL and to ask the VTL why the road was not paved for them.

<sup>192</sup> If not for the car, a walk to Village A would probably be just as treacherous.

road, he said he did not know but suggested that perhaps because the village was building a primary school and a rural health centre funded by the PNO, which was the construction going on at the front of the village. He explained that he had applied to the PNO through the VTL in 2014, and work on the two projects had started around July 2015, just under nine months from the initial approach to the VTL.<sup>193</sup>

In this sense, Village N was not just having a paved road paid for; they were also getting a primary school and a clinic in a location that was more remote than Village M. It could perhaps be argued that since Village N had almost three times the number of households than Village M, they would receive a larger allocation of resources. However, in rural areas, where it is not uncommon for several villages to share facilities such as primary schools and clinics, the location and accessibility should carry greater importance than size. Therefore, the preferential treatment of Village N requires explanation.

When asked about why the village was bigger in size despite its remote location, the Village N headman was very open about growing opium. He explained that, in the late 1990s, the village had tried to replace growing opium with other crops. They had tried sugar cane, garlic, sunflowers, and many other crops, but, because they had not known the market price and demand for these crops, and no one had given them any advice, the crop substitution had not worked. Consequently, the villagers returned to growing opium after two or three years. He agreed that the villagers no longer needed to pay tax to their rulers, but he admitted that the village had to pay twenty *lakh* to the PNA each year for the concession to grow opium.<sup>194</sup>

During the discussion, a contradiction revealed itself. According to the Village N headman, the only reason why Village M had given up growing opium was because their village was more exposed and therefore vulnerable to inspection. After the turn of the millennium, there was a drive by the Shan government to eradicate opium plantations in the state. In this sense, rewards were given to people who reported the locations of opium fields. At that time, every village grew opium. The PNO had to be

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<sup>193</sup> Interview with Village N headman on 7 November 2015.

<sup>194</sup> Equivalent to around US\$1,600 per annum.

seen to be following orders and report the destruction of opium fields to the state government. For this reason, villages that were close to the main transport route were sacrificed, while those that were nearer the mountains were protected. Being close to the mountains and hidden among dense forest, Village N was spared. Without the benefit of natural protection, Village M was reported a few times and suffered heavy fines.

In other words, the Village N headman implied that Village M was being penalised despite paying their opium dues. Therefore, Village M had only stopped growing opium after realising that the PNA were not protecting them. However, whether this was the real reason why Village M had given up growing opium is irrelevant. This alternative view is only recounted in order to offer a balanced perspective. The fact remains that Village M has not maintained the same patron-client relation with the PNA as Village N.

Not surprisingly, the Village N headman was full of praise for the PNO. At the time of the interview, the general election was in full swing. He said that there had been no pressure from the PNO and no vote buying: 'the PNO has been doing good development work; it's the best party for the village'.<sup>195</sup> After the interview, he took the team to inspect the construction of the school and clinic. Along the way, all the passing villagers greeted him and, from the smile on his face, one could see that he was full of pride.

The two adjacent villages, separated by a dirt road, had their own stories to tell, so the only way to verify the stories was to interview the VTL. In this regard, an appointment to meet the VTL had previously been arranged by the PDN, the NGO that was formed in 2010 under the PNO to oversee local development, and he was informed that the main subject of the meeting would be development in the villages.

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<sup>195</sup> Interview with Village N headman on 7 November 2015.

### 6.2.2.3 *Encountering the village tract leader*

The dwelling of the VTL was located just off the main road, about 20 minutes by car from the junction that Village M and N deviated from. It was a relatively big structure, over two levels. On the ground level, there was a general store and a garage, which catered for roadside repairs. The team was led to the second level, where the family rooms and the ‘office’ were located. Attention was immediately attracted to the sight of four plastic boxes, each about the size of 18”x25”x16”, stacked up against the wall at the back of the office.<sup>196</sup> There was writing on the boxes for identification purposes, and there were folded papers inside each box. They were ballot boxes, and there were ballots inside the boxes. The VTL obviously noticed the observation and quickly explained that they were the early ballots collected from people who could not make it to the voting station on the day.<sup>197</sup> The team was seated at the back of the office.

The VTL revealed that he had held the position since 2006: ‘the government (PNO) removed the former one because at that time there was a change in administration’.<sup>198</sup> The village tract consisted of twenty villages, and the village he belonged to had about 650 villagers.<sup>199</sup> When asked to clarify what he meant by there being a change in administration, he said he did not know what the actual change was but that the PNO had the right to change the VTL at their discretion. When asked about whether he was therefore appointed by the PNO, he said that he was voted into the position by the 20 village headmen. However, when further pressed on whether there were other candidates available for the 20 village headmen to choose from, he said that he was not aware of the situation. It may be true that he was not

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<sup>196</sup> The plastic boxes were very similar to those commonly used in households for storage, hence the specific size reference.

<sup>197</sup> Permission was granted by the Election Committee that ballots could be collected from certain categories of voters in advance, such as the elderly or voters with a physical handicap, but under strict conditions to ensure that the ballots could not be tampered with. The day of the visit was 7 November 2015, and the following day was the official voting day. From observation, the four ballot boxes had not been sealed. Advance ballots had been criticised in the 2010 election as one of the problems with vote manipulation.

<sup>198</sup> Interview on 7 November 2015.

<sup>199</sup> He also mentioned that the number of villages quoted by the Myanmar Information Management Unit (MINU), part of the UN Country Team, was incorrect. According to the MINU, the village tract had 17 villages, but the village tract leader claimed that the reality was 20. It is not uncommon for discrepancies in the figures between the PNO and MINU because the PNO have their own way of making divisions.

aware if there had been other candidates, but his side of the story has to be put into context of what Village M had claimed, i.e. the villages had no choice, the PNO nominated their candidate, and the village headmen simply endorsed him.

After ascertaining how he had become the VTL, the focus of the interview turned to development, and, in particular, how to determine which village would get what within his village tract. He explained that if a village wanted to have something built, the village headman had to first justify the need and then work out a budget. He (the VTL) would then prepare a formal proposal and submit it to the township officer. During the explanation, he pointed to a pile of files on his desk, suggesting that they were the proposals he was working on. When asked if there was a log to register all the proposals that came in, he said it was impossible because there were so many requests from the villages. He continued explaining that once the proposal was in the hands of the township officer, the latter would check if there would be any donations available, and, failing that, if there was sufficient justification for the project, he would table it in the meeting for budget proposal at township level. If the size of the project was beyond the funding and operational capacity at the township level, the case would be transferred to the PNO head office in Hopong.

Therefore, it would appear that there was a formal system of application and the hands of the VTL were tied. However, the system was not without loopholes. The first potential flaw in the system would be the absence of a logbook to register all the requests that were submitted to the VTL. Without a logbook, there would be no way of finding out if all the cases had been presented. From the point of view of the VTL, he did not see the necessity for a logbook because there were many unreasonable requests, which he could reject off hand. He gave an example of a village sometimes wanting to build a school, but there was a school already in a nearby village: ‘the villagers just want convenience’. The second potential flaw in the system was in the proposal, which was supposed to be prepared by the VTL. It appeared that the VTL had total discretion over what to include in the proposal and, not to mention, what his recommendation would be.

With an understanding of how development proposals were dealt with, the meeting turned to development in the local area. Perhaps the VTL was informed in advance that the meeting would focus on development, as he immediately started talking about building roads and schools. He explained that, at the beginning of the year, the PNO had allocated funds to build a primary school in Village N and paved the road leading to it, and work had started after the rainy season. When asked to clarify that the initiatives for building the school and road had not been started by the village, he explained that, each year, the PNO had development funds available after meeting with the state government. When further pressed on whether the funds were in response to the proposals that he helped the villagers make, he simply said he did not know, but added that the PNO had a development plan for the whole area, and sometimes it was just a coincidence that their plan was the same as the village proposal.<sup>200</sup> Further questions were to be asked about the school and the health centre being built at Village N, but the VTL suddenly received a call and ended the meeting by saying that the PNO were coming to his office.<sup>201</sup>

While the meeting with the VTL finished without all the questions answered, it was nonetheless helpful on several counts. First, he offered an account of how development work was conceived at the village tract level. Bottom-up proposals required his input and approval from the township officer, whereas it did not appear that he was involved at all in the development plan laid down from the township administration. Second, he indirectly confirmed the account of Village N's headman that the village did not initiate the request for building the road and school, but they were, in fact, provided for in the PNO grand plan right from the start. Most importantly, however, his account strongly suggests that the role of the VTL was to serve his immediate master, the PNO, and not the villagers. This point is borne out by the fact that the VTL did not prevent the PNO MP holding Village M to ransom, even though he knew that the road was going to be paid for under the township planning budget.

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<sup>200</sup> He also mentioned working with Nippon Foundation, an NGO that provides funds for school renovation projects.

<sup>201</sup> He looked very nervous after taking the call. He explained to the translator that the election was the next day and the team should not be in his office.

### 6.2.3 Other traces of the village tract leader

Apart from playing a pivotal role in submitting proposals to the township officer on behalf of villages for social infrastructural funding, where else did the VTLs leave their fingerprints? As can be seen in the following sub-sections, the VTLs left their marks in some key areas, such as during elections and disputes over land grabbing.

#### 6.2.3.1 *The role of the VTL in the election campaign*

To begin with, since all VTLs were appointed by the PNO, it is logical to assume that they were all PNO supporters. This was certainly the view of the advisor to the PNO on constitutional affairs.<sup>202</sup> With this in mind, the following examples show how the VTLs helped the PNO during the election campaign of 2015.

The UPNO was the direct competitor to the PNO in the 2015 election because they were the only other Pa-O ethnic political party contesting for seats in the parliament. Just before the election, a meeting was held with one of the founders of the party, who was also an electoral candidate.<sup>203</sup> When asked about the challenges he faced in the election campaign, he complained that they were contesting on an unequal footing. In several village tracts, the PNO used monasteries as the venues to talk to villagers, and they could do this because the PNO had been the main patron to the monasteries and had a good relationship with the monks. Since most Pa-O are Buddhists and pay great respect to the monks, being able to conduct an election campaign in a monastery would send a powerful symbolic message that the PNO had the support of the religious leaders. However, when the UPNO wanted to use the same facilities, they were refused. On one occasion, when a religious leader consented to the use of the monastery, the VTL told the villagers not to go because he could not guarantee their safety.<sup>204</sup>

Telling the villagers not to attend a meeting was just one example of meddling by the VTL; the UPNO candidate described an even more alarming example of interference

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<sup>202</sup> Interview on 2 September 2015.

<sup>203</sup> Interview on 5 November 2015.

<sup>204</sup> When asked to clarify what ‘could not guarantee their safety’ meant, the UPNO candidate said the PNA would attack any villagers trying to attend the meeting.

in the party's election campaign. He explained that the UPNO was originally going to contest 15 seats; however, one candidate withdrew due to pressure. The candidate and his family were staying with his mother-in-law. One evening, the VTL visited the mother-in-law and told her that her son-in-law could not stand for the UPNO or his family had to move out. Since he could not afford to move out, he was forced to withdraw.

Apart from direct and indirect meddling in the election campaign, a village headman also revealed that, prior to the PNO coming to the village for political campaigning, the VTL went to each household to check names against the voter list and collect data on anyone who would qualify for advance voting. The VTL also told the villagers that they must attend the PNO meeting, which was held in the local monastery.<sup>205</sup> While these activities could be considered as normal and legitimate, they nonetheless underline the role of the VTL as the conduit between the PNO and the villagers. Indeed, in a meeting with a member of the Central Committee and a Director of Operation of the PNO, he confirmed that the mobilisation of villagers in the election campaign was carried out from top to bottom through the VTLs and village headmen.<sup>206</sup>

While the VTLs worked closely with the PNO on checking the voter list and preparing advance voting, they were less co-operative with outsiders. The SNLD also wanted to campaign in the villages. When their candidates approached the VTLs for the voter lists, which were public documents and should be displayed in a prominent place for everyone to inspect, they were refused access.<sup>207</sup>

#### *6.2.3.2 Do all village tract leaders work for the PNO?*

The above narratives tend to paint a picture that all VTLs were the pawns of the PNO, but were there any examples where a VTL refused to co-operate with the stationary bandit? The following case shows what happened to one of these leaders.

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<sup>205</sup> Interview on 1 November 2015.

<sup>206</sup> Interview on 6 November 2015.

<sup>207</sup> Interview with an electoral candidate of the SNLD on 5 November 2015.



The father of the youth leader of KRSAN was once a VTL. He recalled how the PNA took land from his village tract.<sup>208</sup> It was around 2002 when the PNO went to his village and, in his absence, asked his brother to draw the boundaries of the village tract on a map. The PNO officer explained to his brother that the purpose was to protect them from the *Tatmadaw*. His brother did not understand the map, but he pointed in a direction of the forest to indicate the boundary of one direction. The PNO officer pointed at a contour on the map and told the brother that he was referring to the forest and asked him to use a pen to mark the territory. The pen given to him was a red felt-tip pen. The brother duly marked the territory, and the officer went away. Slightly over a year later, land was seized from the village tract by the PNA. The affected villagers went to the VTL and asked him to take up the issue with the PNO. He went to the PNO office in Hopong and was shown the map with the brother's marking. Although the marking was obviously not accurate, this was not important, since the officer pointed out that the boundary of the village tract only went as far as the nearest part not covered by red ink. As it was thick felt-tip applied on a scaled map, the area covered by the red ink was substantial, and that was the parcel of land being taken away.

The villagers staged a protest. One night, when most of the villagers were already asleep, PNA soldiers broke into the home of the brother, pointed a gun at his head, and told him not to cause any more trouble. Faced with a physical threat to his family, and resigned to the fact that nothing could be done, the VTL crumbled to the pressure and resigned. A new VTL was appointed by the PNO. The new VTL told the villagers to stop complaining and, if they wanted to blame someone, to blame it on the brother instead of the PNO. He also said that if they stopped complaining, the PNO would build roads for them.

The PYO, a CSO that had been helping villagers on the Tigyt issue, made the point very clear on lodging complaints in regard to land grabbing. Among the three ways of making a complaint, approaching the VTL was the most ineffective.<sup>209</sup> The

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<sup>208</sup> Interview on 7 January 2015.

<sup>209</sup> Interview on 3 September, 2015. The other two ways were to talk to the religious leader, which would be the 'calmer' way, and the newest approach would be to write letters to the media and political parties and to seek help from CSOs.

General Secretary of the PNLO, a rival Pa-O armed group, which also reached a ceasefire agreement with the regime in 1994 but did not get a demarcated territory, perhaps best summarised the dilemma faced by VTLs: ‘the PNO appoint village tract heads (leaders). A lot of villagers do not want to be the head in their area because it is a difficult job – every time there is trouble they need to stand up.’<sup>210</sup>

### **6.3 Village Tract Leader as the Implementer**

At this juncture, it is necessary to recap what has been revealed so far. In the analysis of what the Pa-O people wanted from their leaders, it can be argued that the PNO had delivered development in terms of increasing the provisions for education and healthcare during its tenure, but its administration was not without contentious issues. On the Tigyit coal mine and power plant, it appears that the PNO had kept information tightly controlled, and communication was mainly relayed through the VTL. From the village next to the power plant, it was learned that the old VTL had been replaced by one appointed by the PNO, and the new one warned the villagers not to complain if they wanted to have their road and school built. As a result, the villagers were too scared to talk to the media because they were hoping to bring electricity to their village. Then, there were the two villages next to each other: one wanted to have a road paved and had to pay for it by themselves, whereas the other village did not even need to ask for it. The procedures for social infrastructure requisition were revealed by the VTL, but there was no evidence to suggest that the process was fair because the VTL could, to a certain extent, control the input. In addition, there was a further question: if the VTL knew the PNO township planning had already budgeted for the road, why did he not inform Village M, instead of turning a blind eye to the PNO MP who had demanded that the village provide accommodation and food for his workers? Therefore, this begs the following question: Given that the PNO can now appoint the VTLs, does this mean that, apart from the physical threat imposed by the PNA, the VTL is also a tool for the PNO to control the villagers?

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<sup>210</sup> Interview on 6 November 2015.

If the VTL is the tool for the PNO to enforce its control over the villagers, two more questions need to be addressed. First, why did the PNO choose the VTL and not the village headman for the job or simply use its army to take control? This leads us to the question of the source of authority, and the administrative system discussed in Chapter 3 becomes relevant. Second, if the PNO is using the VTL as the tool to control the villagers, can this be proved objectively? Accordingly, the next chapter is designed to address these two outstanding issues.

## **Chapter 7:**

# **The Role of the Village Tract Leader**

After the PNO became the administrator of Special Region 6, they made it their right to appoint the VTL. While the village headmen were still being elected by the villagers, the VTLs were disconnected from the villagers; instead, they were only answerable to their immediate master, the PNO. However, the authority of the VTL over the villagers did not only remain but was further underpinned by The Ward or Village Tract Administration Law enacted in 2012. Therefore, the VTL, as a position in the command chain of control, could be the nexus of power connecting the authority made at the macro (state) level to the implementation at the micro (village) level. Consequently, the following section sets out to prove that the PNO made use of the ‘position’ of the VTL to implement state decisions, even though some of these decisions were against the interests of the Pa-O people. In particular, this chapter investigates the Tigyt coal mine and power plant, in addition to analysing the effect of the forceful implementation of these projects on the appointment of the VTL in the township concerned.

Accordingly, this chapter is divided into three parts. The first part uses hypotheses testing to prove that the VTL was the implementer, the tool for the PNO to implement social control in the SAZ. The second part contextualises the meaning behind the data in the first part. Finally, the chapter revisits the theoretical framework of critical political economy and explains how various actors mentioned in this thesis were tied into a game of manipulation and exploitation that allowed the regime to decentralise authority without losing control.

## **7.1 Village Tract Leader as a Tool of Control**

From the perspective of the PNO, one of the meanings of control is the ability to implement policies that are against the wishes of the people.<sup>211</sup> If the VTL is the tool for the PNO to control the villagers, then what are the implications of this

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<sup>211</sup> Other meanings of control can be interpreted as providing protection to the selected people or determining resource allocation.

assumption? First of all, if everything is smooth and works seamlessly, the need for the VTL to control the villagers would be minimal. Since the tenure of a VTL was not constitutionally defined until after The Ward or Village Tract Administration Law was enacted in 2012, the VTL could theoretically hold on to the position until he could no longer fulfil his duties, such as when he becomes seriously ill or dies.<sup>212</sup> Therefore, on the basis that nothing needs to be changed if the house is in order, then one would assume that the VTL would hold onto his position until he is released from his duty by the PNO. Conversely, if the service of the VTL is required and he fails to get the job done, then one would assume he would be replaced by the PNO, and the replacement process would continue until a suitable candidate was recruited.

### **7.1.1 Setting the hypotheses**

Putting the above deductions into context so as to be objectively examined, one should expect the tenure of the VTL to be stable across all townships within the Pa-O SAZ over a long period of time. For the purpose of hypothesis testing, the timeframe was set from 1991 to 2015 for the reason that 1991 was the beginning of the PNO being recognised as the administrator of the demarcated area, and 2015 was the cut-off period for this research.

As revealed in Chapter 6, the Tigyt coal mine and power plant projects in Pinlaung Township were started in 2002, which was when land was being confiscated without compensation and man-made explosions to prepare land for coal mining began to affect villagers. Therefore, this year should mark the turning point when local resistance against the projects began to emerge, and theoretically, based on the understanding of the role of the VTL, they should have been called into action to suppress the resistance. Some VTLs who still felt they were answerable to the villagers would not have been able to handle the pressure. In this situation, they would either have resigned or been removed. The VTL, whose brother ‘signed’ away

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<sup>212</sup> Under Chapter IV (Section 9) of The Ward or Village Tract Administration Law 2012, the tenure of the VTL is the same as that for the *Pyithu Huttaw* and is subjected to a maximum of three terms. The tenure of the *Pyithu Huttaw* is five years, and therefore, under the new law, the maximum period a VTL could stay in office is 15 years. Since the law was only enacted in 2012, the new arrangement does not affect the current analysis. More importantly, it will not alter the power dynamics because the PNO can still choose their own man for the job, even under the new legislation.

a huge plot of land by mistake, is a case in point.<sup>213</sup> While the practice of land grabbing was rampant in the whole Pa-O SAZ, the areas affected were mainly local and isolated. In contrast, the Tigyt projects have a direct impact on an immediate area within a five-mile radius of the sites, and the indirect effect stretched over thirteen miles to Inle Lake (Pa-Oh Youth Organization & Kyoju Action Network, 2011). Consequently, one should expect the average number of VTLs in the Pinlaung Township before 2002 to be in line with the other two townships, but after the projects were launched, the resulting resistance would affect the VTL turnover.

Therefore, there are two tests that need to be implemented. The first test (Test 1) aims to verify if a difference did indeed exist in the average number of VTL between the period before the Tigyt projects and the average number of VTL after the projects were introduced, or, in other words, whether there was a difference in the average number of VTLs between the periods 1991–2001 and 2002–2015. The second test (Test 2) aims to verify if a difference existed in the average number of VTLs among the three townships.

For the purpose of the first test on the difference between the periods before and after the Tigyt projects, a simple test on the means of the number of VTLs in the two periods (PrePost) was performed using SPSS. The number of VTLs in the period 1991–2001 (pre-1991–2001) were compared to the number of VTLs in the period of 2001–2015 (post-2002–2015). The hypotheses for Test 1 are therefore:

$H_0 =$  *There is no difference in the average number of VTLs between the periods 1991–2001 and 2002–2015*

The alternative hypothesis is therefore:

$H_1 =$  *There is a difference in the average number of VTLs between the periods 1991–2001 and 2002–2015*

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<sup>213</sup> Interviewed on 7 January 2015. Details of the incident can be found in Section 6.2.3.2

For the second test on whether there was a difference in the average number of VTLs among the three townships both before and after the Tigyt projects were introduced, the hypotheses are therefore:

$H_0 =$  *There is no difference in the mean number of VTLs in all three townships in the period 1991–2015*

The alternative hypothesis is therefore:

$H_1 =$  *There is a difference in the mean number of VTLs in the three townships in the period 1991–2015*

Since the Tigyt projects did not start until 2002, there should not be any difference in the average number of VTLs in the three townships in the period 1991–2001; hence:

$H_2 =$  *There is no difference in the mean number of VTLs in the three townships in the period 1991–2001*

$H_3 =$  *There is a difference in the mean number of VTLs in the three townships in the period 1991–2001*

However, when the coal mine and the power plant projects began to break ground in 2002, land was confiscated and the daily lives of the nearby villagers began to be affected. Local resistance began, and the VTL should have been called into action. Those who could suppress the resistance would retain their jobs, while those who could not stand the pressure or did not deliver the objectives would be removed. Therefore, one should expect a difference in the average number of VTLs in the three townships beginning to emerge in the period 2002–2015; hence:

$H_4 =$  *There is no difference in the mean number of VTLs in the three townships in 2002–2015*

$H_5 =$  *There is a difference in the mean number of VTLs in the three townships in 2002–2015*

The following sections outline the data collection methodology, sampling techniques, and the type of tests employed for determining the above hypotheses.

### **7.1.2 Data collection and sample size**

The Pa-O SAZ consists of three townships, namely Hopong, Hsi Hseng, and Pinlaung. According to the classification by the PNO under their administrative system, Hopong has 22 village tracts, Hsi Hseng has 19, and Pinlaung has 21.<sup>214</sup> The PNO kept records of all the VTLs in their Hopong office. This investigation aimed to cover half of the total number of village tracts. Hence, 11 village tracts were randomly selected for Hopong. Similarly, 10 village tracts were selected for Hsi Hseng and 11 village tracts were selected for Pinlaung. The random selection process was carried out by pre-numbering village tracts for each township from 1 to the total number of village tracts in that township; hence, for Hopong, it was from 1 to 22, for Hsi Hseng it was from 1 to 19, and for Pinlaung it was from 1 to 21. Using the random number generating function in Microsoft Excel, 11 numbers were randomly generated for Hopong, 10 numbers were generated for Hsi Hseng, and 11 numbers were generated for Pinlaung. Consequently, the village tracts that corresponded to the random numbers were selected for data collection.

Before the ceasefire agreement and the demarcation of Special Region 6 in April 1991, the village tract system existed in tradition but was dysfunctional in practice because the area was like a war zone and people in arms behaved like roving bandits. However, after the PNO was installed as the sole administrator in the area and development began to take shape, the function of the village tract system returned. Hence, in 1991, each village tract had a VTL on the books of the PNO. For the purpose of the hypotheses testing, the existing VTL in 1991 was counted as one, with a subsequent change in the VTL counting as two, then three, and so on. Likewise, for the period of 2002 onwards, the existing VTL was counted as one, and subsequent changes were added to this figure. The number of VTLs in each chosen village tract for Hopong, Hsi Hseng, and Pinlaung townships are shown in Tables 6, 7, and 8

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<sup>214</sup> The numbers of villagers and village tracts as per the records of the PNO may be different from the numbers provided by the Myanmar Information Management Unit (MINU), which is part of the UN Country Team. For the purpose of the hypotheses testing, the PNO classification was used because it corresponds to how they administrate their zone.



respectively. In one of the village tracts in Hsi Hseng Township, a VTL died during his tenure and was replaced. This incident was not counted as a change because the appointment of a new VTL was the result of natural causes.

**Table 6: Number of VTLs in Hopong Township, 1991–2015**

<b>Hopong Township</b>			
<b>Village Tract</b>	<b>No. of Village Tract Leaders</b>		
	<b>1991 – 2015</b>	<b>1991 – 2001</b>	<b>2002 – 2015</b>
<b>1</b>	2	1	2
<b>2</b>	2	1	2
<b>3</b>	2	1	2
<b>4</b>	2	1	2
<b>5</b>	2	1	2
<b>6</b>	1	1	1
<b>7</b>	2	1	2
<b>8</b>	2	1	2
<b>9</b>	2	1	2
<b>10</b>	2	1	2
<b>11</b>	2	1	2

*Source: PNO*

**Table 7: Number of VTLs in Hsi Hseng Township, 1991–2015**

<b>Hsi Hseng Township</b>			
<b>Village Tract</b>	<b>No. of Village Tract Leaders</b>		
	<b>1991 – 2015</b>	<b>1991 - 2001</b>	<b>2002 – 2015</b>
<b>12</b>	3	2	2
<b>13</b>	2	2	1
<b>14</b>	2	1	2
<b>15</b>	3	3	1
<b>16</b>	2	1	2
<b>17</b>	3	2	2
<b>18</b>	1	1	1
<b>19</b>	1	1	1
<b>20</b>	1	1	1
<b>21</b>	1	1	1

*Source: PNO*

**Table 8: Number of VTLs in Pinlaung Township, 1991–2015**

<b>Pinlaung Township</b>			
No. of Village Tract Leaders			
<b>Village Tract</b>	<b>1991 - 2015</b>	<b>1991 - 2001</b>	<b>2002 – 2015</b>
<b>22</b>	4	1	4
<b>23</b>	2	1	2
<b>24</b>	3	1	3
<b>25</b>	2	1	2
<b>26</b>	4	2	3
<b>27</b>	3	1	3
<b>28</b>	3	2	2
<b>29</b>	3	1	3
<b>30</b>	3	1	2
<b>31</b>	1	1	1
<b>32</b>	4	2	3

*Source: PNO*

### **7.1.3 Checking to ensure the data is suitable for variance analysis**

Analysis of variance (one-way ANOVA) was used to determine if there are differences in the average number of VTLs in the three townships. For the one-way ANOVA result to be valid, the data needs to satisfy four conditions. First, the dependent variables should be continuous.<sup>215</sup> Second, the data should come from an independent random sample. Moreover, the data should contain no significant outliers that could distort the overall picture. Lastly, the data needs to conform to a normal distribution.

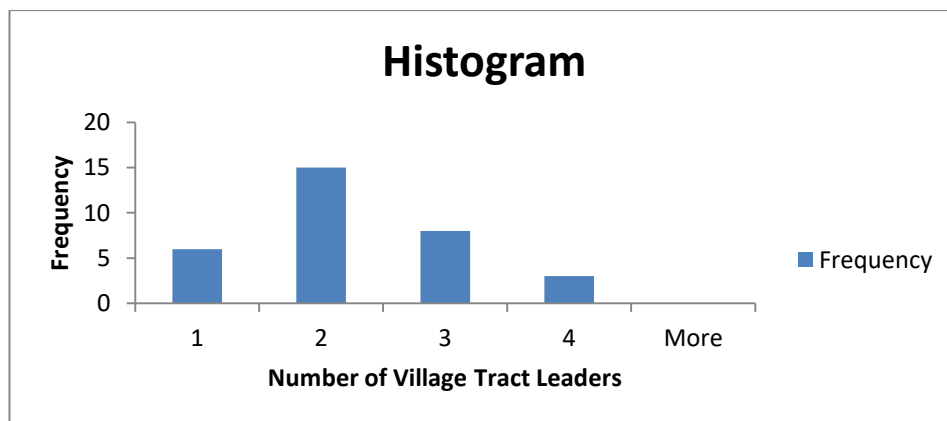
The first three conditions can be checked for compliance without any extra statistical testing. The analysis looks at two different dependent variables. In the first test, the difference between two time periods is checked, and therefore the time periods 1991–2001 and 2002–2015 are the dependent variables. The second test aims to establish if there is a difference in the townships, and therefore the townships are the dependent variables. Since the time periods and townships are interval numbers, they are deemed to be continuous, and the first condition is satisfied. The number of VTLs is the independent variable. Since a VTL belonged to just one village tract and could not represent another, the observation is therefore deemed to be independent

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<sup>215</sup> That is to say, they are measured in interval or ratio level.

and the second condition is also satisfied. Finally, since the number of VTLs ranged from 1 to 4, with no gap in between, there do not appear to be any outliers. Therefore, the first three conditions for using one-way ANOVA have been satisfied.

The fourth condition requires conformity to a normal distribution. A histogram has been plotted by using the plotting function in Excel to show the shape of the frequency distribution of the number of changes in the VTLs. As can be seen in Figure 17, the resulting shape resembles a bell curve, which indicates that the data conforms to a normal distribution; therefore, all the conditions required under ANOVA have been satisfied.



*Figure 17: Histogram showing the frequency of change in VTLs*

#### **7.1.4 Analysis of Test 1 to determine if there is a difference between the two periods**

The objective of Test 1 is to verify if there was indeed a difference in the average number of VTLs in the pre-Tigyit period of 1991–2001 when compared to the post-Tigyit period of 2002–2015. As a recap, the null hypothesis  $H_0$  states that there is no difference in the average number of VTLs in the two periods, and the alternative hypothesis  $H_1$  states that there is indeed a difference. A simple means test performed by using SPSS was administrated, with the results reported in Table 9.

**Table 9: Means test results comparing the average number of VTLs, 1991–2001 vs. 2002–2015**

Case Processing Summary						
	Cases					
	Included		Excluded		Total	
	N	Percent	N	Percent	N	Percent
NoVTL	64	100.0%	0	0.0%	64	100.0%
NoVTL1991_2015*						
PrePost PrePost						

Report			
NoVTL			
NoVTL1991_2015			
			Std.
PrePost PrePost	Mean	N	Deviation
1 Pre1991-2001	1.28	32	0.523
2 Post2002-2015	1.97	32	0.740
Total	1.63	64	0.724

ANOVA Table							
NoVTL NoVTL1991_2015 * PrePost PrePost			Sum of		Mean		
	Between	(Combined)	Squares	Df	Square	F	Sig.
	Groups						
	Within Groups		25.438	62	0.410		
Total			33.000	63			

Based on the number of VTLs in the two periods, there was a statistically significant difference between the two periods: pre-1991–2001 ( $M=1.28$ ,  $SD=0.53$ ) and post-2002–2015 ( $M=1.97$ ,  $SD=0.74$ ),  $p = 0.000$ . Therefore, the null hypothesis that there is no difference in the two periods is rejected, and the alternative hypothesis that there is indeed a difference is accepted.

### 7.1.5 Analysis of Test 2 to determine if there is a difference among the townships

While the objective in Test 1 was to verify if there was a difference in the average number of VTLs between the pre-Tigyit period of 1991–2001 and post-Tigyit period of 2002–2015, Test 2 aims to test if there was a difference in the average number of VTLs among the three townships of Hopong, Hsi Hseng, and Pinlaung. Mindful that the Test 1 results confirmed that there was a difference between the period before and after the introduction of the projects, Test 2 needs to ascertain the difference from three aspects. First, it needs to be ascertained if there was a difference in the

number of VTLs in the three townships throughout the period under investigation. In this regard, the null hypothesis  $H_0$  states that there is no difference in the average number of VTL among the three townships in 1991–2015, and the alternative hypothesis  $H_1$  states that there is a difference. Then, the analysis needs to verify if there was a difference among the three townships for the period 1991–2001. Hence,  $H_2$  states there is no difference in the average number of VTLs in the three townships during the period 1991–2001, and the alternative  $H_3$  states that there is a difference. Finally, the analysis examines if there was a difference among the three townships in the post-Tigi period of 2002–2015. Hence  $H_4$  states there is no difference in the number of VTLs in the three townships during 2002–2015, and the alternative hypothesis  $H_5$  states that there is indeed a difference.

The analysis used SPSS to carry out one-way ANOVA to test for the differences. However, three townships are being tested, and if there is a difference, ANOVA cannot distinguish which township caused the difference. Hence a post-hoc test using Fisher LSD was performed to identify the culprit. The result of the SPSS analysis is shown in Table 10.

As can be seen from the results in Table 10, there was a statistically significant difference among the townships for the period 1991–2015, as determined by the one-way ANOVA ( $F(2,29)=6.316$ ,  $p=.005$ ). Therefore, the null hypothesis  $H_0$ , stating that there is no difference in the average number of VTLs in the three townships during the period 1991–2015, is rejected, and the alternative hypothesis  $H_1$ , stating that there is a difference, is accepted.

However, hypothesis  $H_2$ , stating that there is no difference in the average number of VTLs in the three townships for the period 1991–2001, cannot be rejected because of the one-way ANOVA result ( $F(2,29) = 2.929$ ,  $p = 0.069$ ); thus, the alternative hypothesis  $H_3$  is rejected.

**Table 10: One-way ANOVA and post-hoc LSD results for the differences between the three townships**

ANOVA							
		Sum of Squares	Df	Mean Square	F	Sig.	
NoVTL1991_2015	Between Groups	7.282	2	3.641	6.316	0.005	
NoVTL1991_2015	Within Groups	16.718	29	0.576			
	Total	24.000	31				
NoVTL1991_2001	Between Groups	1.423	2	0.712	2.929	0.069	
NoVTL1991_2001	Within Groups	7.045	29	0.243			
	Total	8.469	31				
NoVTL2002_2015	Between Groups	6.932	2	3.466	10.016	0.000	
NoVTL2002_2015	Within Groups	10.036	29	0.346			
	Total	16.969	31				
Multiple Comparisons							
LSD							
			Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Dependent Variable NoVTL1991_2015 NoVTL1991_2015	1 Hopong	2 Hsi Hseng	0.009	0.332	0.978	-0.67	0.69
		3 Pinlaung	-1.000*	0.324	0.004	-1.66	-0.34
	2 Hsi Hseng	1 Hopong	-0.009	0.332	0.978	-0.69	0.67
		3 Pinlaung	-1.009*	0.332	0.005	-1.69	-0.33
	3 Pinlaung	1 Hopong	1.000*	0.324	0.004	0.34	1.66
		2 Hsi Hseng	1.009*	0.332	0.005	0.33	1.69
NoVTL1991_2001 NoVTL1991_2001	1 Hopong	2 Hsi Hseng	-.500*	0.215	0.027	-0.94	-0.06
		3 Pinlaung	-0.364	0.210	0.094	-0.79	0.07
	2 Hsi Hseng	1 Hopong	.500*	0.215	0.027	0.06	0.94
		3 Pinlaung	0.136	0.215	0.532	-0.30	0.58
	3 Pinlaung	1 Hopong	0.364	0.210	0.094	-0.07	0.79
		2 Hsi Hseng	-0.136	0.215	0.532	-0.58	0.30
NoVTL2002_2015 NoVTL2002_2015	1 Hopong	2 Hsi Hseng	0.509	0.257	0.057	-0.02	1.03
		3 Pinlaung	-.636*	0.251	0.017	-1.15	-0.12
	2 Hsi Hseng	1 Hopong	-0.509	0.257	0.057	-1.03	0.02
		3 Pinlaung	-1.145*	0.257	0.000	-1.67	-0.62
	3 Pinlaung	1 Hopong	.636*	0.251	0.017	0.12	1.15
		2 Hsi Hseng	1.145*	0.257	0.000	0.62	1.67

\*. The mean difference is significant at the 0.05 level.

For the period 2002–2015, there was a statistically significant difference between the three townships, as shown by the one-way ANOVA results ( $F(2,29) = 10.016$ ,  $p = 0.000$ ). Therefore, hypothesis  $H_4$ , stating that there is no difference in the average number of VTLs in the three townships for the period 2002–2015, is rejected, and the alternative hypothesis  $H_5$ , stating there is indeed a difference, should be accepted.

Since the ANOVA results cannot indicate which township was responsible for the difference, a Fisher LSD post hoc test was carried out. The test reveals that, for the period 1991–2015, there was no statistically significant difference between Hopong and Hsi Hseng ( $p=0.978$ ), but there was a statistically significant difference between Hopong and Pinlaung ( $p=0.004$ ). Furthermore, the post hoc test indicates that there was also a statistically significant difference between Hsi Hseng and Pinlaung ( $p=0.005$ ). Therefore, for the period 1991–2015, Pinlaung was the main cause of the difference among the townships.

As for the period 1991–2001, the post hoc test reveals that there was a statistically significant difference between Hopong and Hsi Hseng ( $p=0.027$ ). However, there was no statistically significant difference between Hopong and Pinlaung ( $p=0.094$ ) or between Hsi Hseng and Pinlaung ( $p=0.532$ ). Therefore, the township that accounted for the difference in the period 1991–2001 was Hopong.

Finally, for the period 2002–2015, the post hoc test reveals that there was no statistically significant difference between Hopong and Hsi Hseng ( $p=0.057$ ). However, there was a statistically significant difference between Hopong and Pinlaung ( $p=0.017$ ) and also between Hsi Hseng and Pinlaung ( $p=0.000$ ). Therefore, Pinlaung township was responsible for the difference in the period 2002–2015.

The post hoc test shows that Pinlaung was responsible for the differences in 1991–2015 and 2002–2015, whereas Hopong was the main cause for the difference in 1991–2001. Although Hopong and Pinlaung both caused differences, there is a fundamental distinction between the two in that the difference in 1991–2001 was caused by the stability of VTLs in Hopong, whereas the differences in 1991–2015

and 2002–2015 were caused by the volatility of changing VTLs in Pinlaung. The same VTLs held office for the entire period of 1991–2001 in the eleven Hopong village tracts (see Table 6), whereas there was a tendency for the VTLs to be changed more regularly in Pinlaung during the periods 1991–2015 and 2002–2015.

The PNO's head office was based in Hopong, and therefore the township was its power centre. The PNO would be able to impose a more direct influence over local affairs, thus reducing the reliance on the VTLs to control the villagers. Besides, the research is more interested in determining how the PNO dealt with resistance, and therefore the following sections mainly focus on explaining the phenomenon in Pinlaung.

## **7.2 The Eye of the Storm in Pinlaung Township: Explaining Tigyt**

After decades of economic mismanagement, Myanmar desperately needs development, which, in turn, puts pressure on electricity supply. Yet, the power generating capacity of the country in 2015 was no more than 5,000 megawatts, supplying to less than 25% of the population.<sup>216</sup> At a conference with international investors in Nay Pyi Taw on 17 May 2016, the Ministry of Electricity and Energy highlighted the chronic shortage of the power supply and the challenges faced by the country's power sector. The minister stressed the immediate need to increase the country's power generation capacity.<sup>217</sup> Also revealed in the conference was the fact that the country only had one coal-fired power plant with a capacity of 120MW hooked up to the national grid, which was the Tigyt power plant.<sup>218</sup>

While the Tigyt plant is small in terms of capacity, it nonetheless represents something more significant than its size. A PNO report prepared by the Institute for International Development on development in the Pa-O SAZ clearly states that the

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<sup>216</sup> Brown, G. (2015, May 14). Myanmar may need to compete for supplies as region turns to coal. *Mizzima News*. Retrieved from <http://www.mizzima.com/business-features/myanmar-may-need-compete-supplies-region-turns-coal>.

<sup>217</sup> Ministry of Electricity and Energy, 17 May 2016. Conference PowerPoint. Retrieved from [https://www.amchammyanmar.com/asp/view\\_doc.asp?DocCID=4876](https://www.amchammyanmar.com/asp/view_doc.asp?DocCID=4876).

<sup>218</sup> The country's main power generation came from 26 hydro-electricity plants providing 3,185MW on-grid and 27 gas and steam power plants adding another 1,829MW on-grid.



objective of the report was to ‘serve as an important reference tool for co-operation between Pa-O political leadership and Myanmar State and Union Governments’ (Institute of International Development, 2012, p. III). Indeed, the policy of the SAZ needs to compliment that of the state, as Presidential Notification 27.2013 specifically requires the SAZ to ‘promote the development of national economy in collaboration with regional organisations and private individuals’.<sup>219</sup> In view of the shortage in the power supply throughout the country, the Tigyit project was a pilot case for the development of untapped coal-fired power and the involvement of Chinese investors, Nay Win Tun and other cronies of the state certainly fit the requirement of the notification. The Country Report of the Asian Development Bank (ADB) estimated that Myanmar has 489 million metric tons of coal reserve, but the annual production in 2012 was just 764,000 tons.<sup>220</sup> Thus, the daily yield of 2,000 tons at the Tigyit coal mine accounted for almost the entire country’s annual production (Pa-Oh Youth Organization & Kyoju Action Network, 2011, p. 21). Notwithstanding the fact that coal-fired power sources cause pollution, it is still a viable alternative to the less than reliable hydro-electric power, which depends heavily on rainfall.<sup>221</sup> In addition, hydro-electricity requires the damming of rivers, which inevitably affects water supply downstream and causes similar social problems, such as population displacement and land grabbing. Therefore, the Tigyit project could offer valuable experience to the central government on how to develop this underutilised source of power supply. The experience is not limited to the scope of co-operation with international operators and the technology employed to reduce pollution, but, more importantly, it also relates to the skill of how to overcome local resistance.

In Chapter 6, it was explained how the VTLs were able to control the allocation of resources in the village tract, and their power could be cross-referenced to the

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<sup>219</sup> See Chapter 3.6 for details of the Presidential Notification.

<sup>220</sup> Asia Development Bank. Country Report 2015-2017. Retrieved from <https://www.adb.org/sites/default/files/linked-documents/cobp-mya-2015-2017-ssa-01.pdf> The coal reserve figure quoted in the ADB report is different from the Myanmar government report of 278 million tons because the Myanmar government list ‘deliberately’ left out the largest reserve at Mai Khot in the Eastern Shan State (Pa-Oh Youth Organization & Kyoju Action Network, 2011, pp. 10-11).

<sup>221</sup> Hydro-electricity accounted for 62% of the country’s on-grid supply, while 59% included off-grid diesel plants. Source: Ministry of Electricity and Energy Conference, 17 May 2016.

embedded power structure even before colonial times (as explained in Chapter 3). Moreover, the hypothesis testing performed in the earlier part of this chapter demonstrated that, since 2002, the VTL turnover was greater in the Pinlaung Township than the other two townships. Therefore, the objective of this section is to place all these elements of control into the context of Tigyt and examine the role of the VTL in helping to manipulate the villagers in the dispute over the Tigyt issue during the 2015 election campaign. The PNO was the only pro-regime ethnic political party that retained all its seats in the 2015 election. With stronger voter education, more formidable competition, and tighter international monitoring, the PNO was not being accused of vote manipulation.<sup>222</sup> Therefore, how did they overcome criticism regarding the Tigyt project in the Pinlaung Township? During the investigation, it was discovered that the Tigyt power plant had actually been closed for operations since October 2014. For the villagers who were badly affected by the pollution coming from the power plant, this must have been very good news. Yet, the investigation found out that there was a major cover-up. Why was there a cover-up if the news was supposed to be favourable to the PNO and the regime? What was the role of the VTL in the cover-up, and how did they help to sway the opinion of the villagers towards the PNO? Accordingly, this section is sub-divided into three parts. The first part provides the background of the Tigyt project and explains why it has been a thorn in side of the relationship between the PNO and the people in the Pinlaung Township. The second part reveals the cover-up plot and aims to explain why it was necessary and who would benefit from it. Finally, the third section looks at the role of the VTL in the cover-up.

### **7.2.1 Background to the Tigyt project**

Tigyt village is located in the Pinlaung Township, one of the three townships that make up the Pa-O SAZ. The scenic tourism hotspot Inle Lake is located about 13 miles to the east of the village. It has a population of around 3,000, who are mostly Pa-O, but there are also Shan and Taung Yoe living in the Pa-O villages.<sup>223</sup> The coal

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<sup>222</sup> There was no complaint about the PNO lodged with the Election Committee. However, this does not mean that the election at the SAZ was free from manipulation. This point will be revisited in the subsequent section.

<sup>223</sup> Taung Yoe is another ethnic minority group in Myanmar. According to the person in charge of the Taung Yoe Literature and Culture Centre, there are about 30,000 Taung Yoe in the country, although

mine and the power plant occupy a land area of about 500 acres. Land from five villages was forcefully taken away with little or no compensation.<sup>224</sup> While these villages are the most affected villages by the coal mine and power plant, there are twenty-five villages with about 12,000 people living within a five-mile radius of Tigyit, whose lives are also directly affected by the pollution. The Balu Creek, which meanders through Tigyit and nearby villages, is one of the three main streams that discharges into Inle Lake. As the coal mine and power plant polluted the stream and the water table, Lake Inle has also been severely affected (see Figure 18).<sup>225</sup>

The Tigyit mine is an open-pit coal mine. Excavation began in 2002, and the initial shareholders of the project were the CHMC, Shan Yoma Nagar Company, Mining Enterprise No. 3 (ME-3), Eden Company, Special Region (6) Business Group, Shwe Than Lwin Company, Eastern Development Company, and A-One Company (Pa-Oh Youth Organization & Kyoju Action Network, 2011). CHMC is a Chinese state-owned company specialising in mining activities in China and abroad. The Eden Company is owned by the state crony Chit Khaing, who has strong ties with former President Than Shwe and the *Tatmadaw*. Shan Yoma Nagar is owned by ex-PNA General Nay Win Tun, who is the main patron to the PNO. ME-3 is a Myanmar state company under the Ministry of Mining. The Special Region (6) Business Group is closely related to the PNA and Nay Win Tun. The coal excavated is mainly used to support the Tigyit power plant and the Pinpet iron factory about 40 miles away. The Pinpet iron factory is operated by the Kanbawza Group, which is owned by Aung Ko Win, another state crony with close connections to Maung Aye, the Vice Senior General of the SPDC, or the second commander-in-chief of the military regime.

The location of the Tigyit power plant was hand-picked by Vice Senior General Maung Aye in September 2001. The CHMC and the Eden Group were contracted to build and operate the plant. Construction started in 2002 and was completed in April 2005. The power plant has two 60MW turbines that can produce 600 gigawatt hours

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the true figure should be closer to 50,000 because many of them were ‘forced’ to register as Pa-O. Interview on 30 July 2017.

<sup>224</sup> The five villages are Tigyit, Taung Pola, Pyin Thar, Lai Khar, and Bar Min Kone.

<sup>225</sup> Pollution at Lake Inle is not solely caused by the Tigyit coal mine and power plant. Floating agriculture on the lake that uses a lot of chemical fertilisers is another major source of pollution.

(Gwh) of electricity. It requires 640,000 tons of coal from the coal mine nearby. Water for cooling is pumped from the Balu Creek, one of the three main feeders for Inle Lake, causing severe pollution and a drop in water levels. Although the plant is linked to the regional grid, the electricity generated is mainly used to support the Pinpet iron factory and the Dragon Cement Factory. The latter, located just five miles from the power plant, is owned by Nay Win Tun.

Apart from land confiscation and forced relocation with little or no compensation, the coal mine and the power plant have also severely undermined public health in the Pinlaung Township. The dust and ash emitted from the mine and power plant have been major health hazards, causing skin rashes and respiratory problems. Villagers were not knowledgeable and did not know their health was being affected by the pollution; in addition, they could not afford to see doctors.<sup>226</sup> Even the religious leader at the Tigyt Monastery suffered as a direct result of the pollution.<sup>227</sup> Admission data from the Pinlaung Hospital provides an idea of the problem (see Table 11).

Yet, amid all these negative developments, the PNO candidate won his seat in Pinlaung Township and became a Member of Parliament (MP). He was only 34 years old when the election took place and had been a farmer all his life before turning to politics.<sup>228</sup> How did he avoid harsh questioning from the villagers on the Tigyt problem? The fact was that he did not have to, given that the issue never came up in his election campaign. The power plant was ‘mysteriously’ stopped in October 2014. He admitted that the villagers at Tigyt believed the power plant had been shut down and credited the PNO for solving the problem.<sup>229</sup> However, little did the villagers know at the time of voting that another Chinese operator had signed an agreement with the government to run the factory for another 22 years, and the power plant restarted in April 2016.<sup>230</sup> Interestingly, the MP claimed that even he had not known that the power plant had changed its operator and would be re-started.

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<sup>226</sup> Interview with the PYO on 3 August 2017.

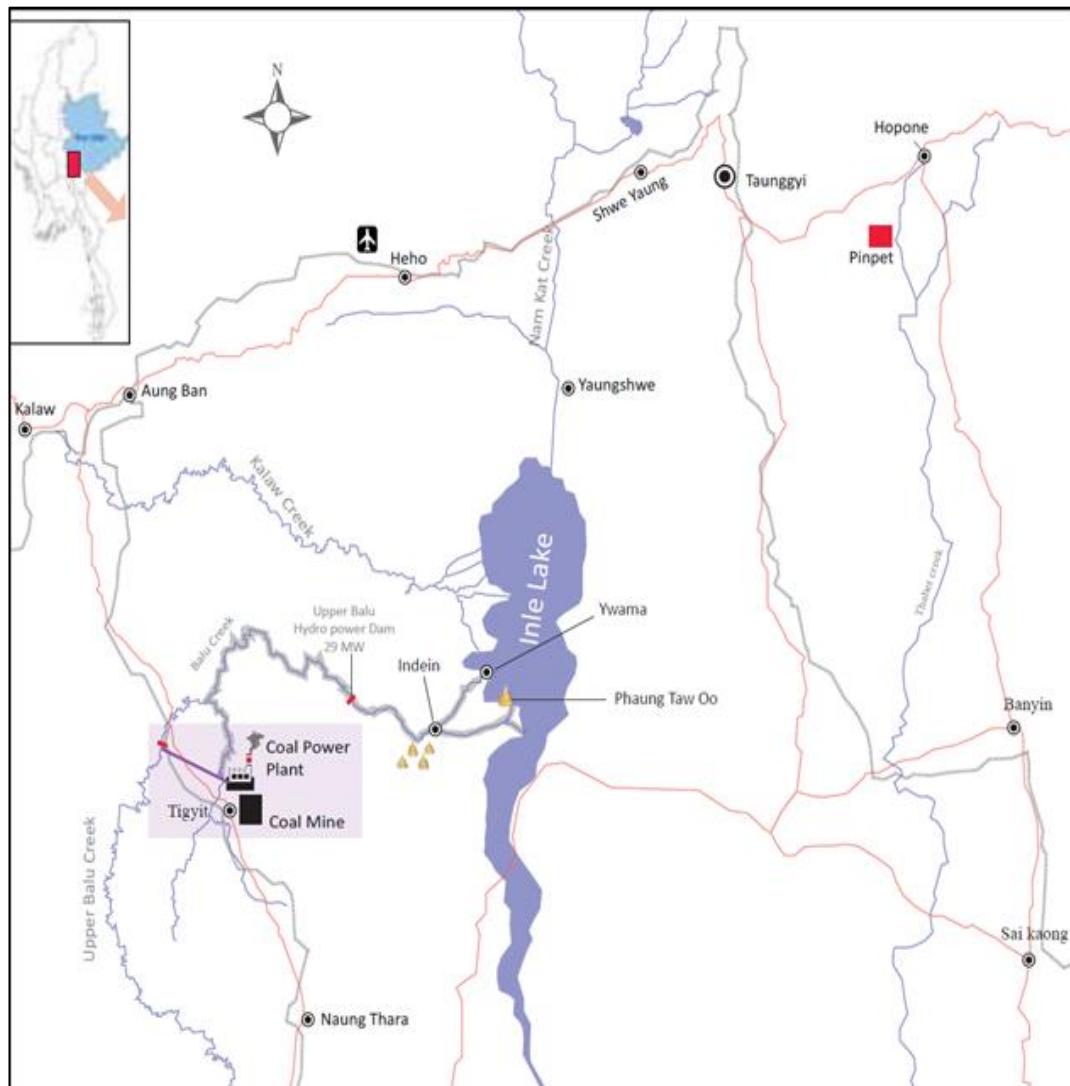
<sup>227</sup> Interview on 2 August 2017. The religious leader was suffering from a cough and had headaches and skin rashes. The monastery was covered with dust, and the floor had to be cleaned every day.

<sup>228</sup> Interview on 2 August 2017.

<sup>229</sup> Interview on 2 August 2017.

<sup>230</sup> The company claimed it was just a trial run to test the new installation.

However, he believed that he still would have won if the villagers had known this at that time. He explained that the Pa-O people would always vote for the PNO, but he admitted that he would have to change his campaign strategy if the Tigyit was still an issue at that time.<sup>231</sup> However, the villagers did not think the same; they said in no uncertain terms that they would definitely not vote for the PNO had they known the power plant was going to be restarted.<sup>232</sup> So, what really happened between October 2014 and April 2016?



**Figure 18: Location map of the Tigyit coal mine and power plant (Source: (Pa-Oh Youth Organization & Kyoju Action Network, 2011)<sup>233</sup>**

<sup>231</sup> Interview on 2 August 2017.

<sup>232</sup> Interview with ten villagers representing three villages that were still suffering from the Tigyit project. Interview on 31 July 2017.

<sup>233</sup> Permission to reprint obtained on 3 August 2017 from the PYO.

**Table 11: Number of outpatients with pollution-related diseases at Pinlaung Hospital**

	2011	2012	2013	2014	2015
Outpatient	534	490	529	697	1406
Disease:					
Acute Respiratory Infection	32	85	48	130	130
Acute Gastro Enteritis	412	332	404	433	581
Skin Infection	91	304	225	255	262
Low Birth Weight	9	15	9	14	8

Source: Pinlaung Hospital

## 7.2.2 The cover-up and the day of awakening

If the power plant had stopped operations in October 2014, it should have been good news for the local people. However, from the interviews with local stakeholders, almost none of them knew the plant had stopped in late 2014. Indeed, a search in the electronic versions of the popular English news media, *The Myanmar Times* and *The Irrawaddy Magazine*, revealed a total absence of news between October 2014 and April 2016.<sup>234</sup> Before reporting on 28 April 2016 that the Tigyit power plant was going to be restarted, the previous report by *The Myanmar Times* was on 15 July 2013, urging the government to abandon the Tigyit coal mine and power plant.<sup>235</sup> The report in 2013 is significant because it shows that the newspaper had been following the issue and would have reported on the stoppage if that had been the case. Indeed, a March 2016 report on the damaging effect of using dirty energy by Project Maje stated that the Tigyit power plant was still in operation.<sup>236</sup>

In order to determine the full scope of the lack of information about the project between October 2014 and April 2016, interviews were conducted with the relevant stakeholders between 30 July and 5 August 2017. The number of interviews were not pre-determined but were instead guided by the information obtained, and they only stopped when the context became saturated. The interviewees covered most

<sup>234</sup> *The Myanmar Times* electronic edition allowed a search to go back as far as 2010. *The Irrawaddy* allowed a search to go back to 2012. The search was carried out on 20 July 2017. Keywords such as 'Tigyit', 'power plant', 'coal-fired', 'electricity', and 'power supply' were used for the search.

<sup>235</sup> Aye Sapay Phyu. (2013, July 13). Government urged to abandon coal plans. *The Myanmar Times*. Retrieved from <http://www.mmtimes.com/national-news/7499-government-urged-to-abandon-coal-plans.html>.

<sup>236</sup> *Project Maje*. (2016, March). Coal burns Burma: A compendium on dirty energy power plants and mining. Retrieved from [http://www.projectmaje.org/coal\\_report.htm](http://www.projectmaje.org/coal_report.htm).

stakeholders, which included villagers from different villages near the power plant, the village headmen and village tract leaders, representatives of CSOs that were following the issue, local environmental activists, the religious leader in the Tigyit Monastery, and an MP of the Pinlaung Township. The objectives of the interview were to first find out when they began to know the power plant had stopped and where they got the information from. Second, questions were also asked about when they were told the power plant was going to be restarted, and if they knew that there was a change in the operator and were aware of the tender process and requirements for the new operator. Finally, the interview aimed to establish the role of the village tract leader in the distribution of news to the villagers. The responses from the interviewees are summarised in Table 12.

**Table 12: Timeline showing when the stakeholders found out about the stoppage and restart of the Tigyit power plant**

	No. of Interviewees	When stoppage was found out		When restart was found out		
		1 <sup>st</sup> half 2015	2 <sup>nd</sup> half 2016	1 <sup>st</sup> half 2016	2 <sup>nd</sup> half 2016	2017
Villagers	15	12	3			15
Village Headmen	3	2	1	1		2
Village Tract Leaders	2	1	1	1		1
CSOs	2	2		1		1
Activists	3		3		2	1
Religious Leader	1	1				1
Member of Parliament	1		1	1		
Total	27	17	10	5	2	20

It became abundantly clear that none of the interviewees knew about the stoppage when it happened in October 2014. Of the 15 villagers interviewed, 10 said they had noticed that the factory had stopped emitting smoke, but they had not known the reason and they could not remember the exact time when they realised the factory was not operating, except that it was around 2015.<sup>237</sup> Two villagers were told by friends, who worked in the factory around April 2015, that some machines in the

<sup>237</sup> Interview on 30 July 2017. These villagers came from three villages next to the power plant. Some could see the power plant from their windows.

factory had broken down.<sup>238</sup> The other three villagers did not know until rumours started to surface that the plant was going to restart in 2016.<sup>239</sup> It also appeared that the village headmen were none the wiser. Like their respective villagers, they only found out at about the same time.<sup>240</sup> The people who should have been more aware of the situation by virtue of their positions in the administration of the township also did not know until a late stage, or so they claimed. One of the VTLs claimed that he found out from other villagers in around mid-2015, and the other VTL claimed he was told nothing until the early part of 2016, when the news of the imminent restart was going to happen.<sup>241</sup> It was also interesting to learn from the Pinlaung Township MP that he knew nothing about the stoppage until he took office in April 2016, but perhaps this can be explained from the fact that he had only been a farmer before and was not in a position to be informed until after being elected.<sup>242</sup> However, three local activists on the Tigyt issue, two representing Taung Yoe villagers and one representing the Shan community in the Pa-O area, also denied any knowledge about the stoppage until early April 2016.<sup>243</sup> Apart from the villagers and the headmen, the only other people who knew the plant was stopped in 2015 were two CSOs and the religious leader in the Tigyt Monastery, but again, they only knew because of some workers in the factory had told them.

To be sure, at the time when the factory stopped operations in October 2014, there was no official announcement from the factory, PNO, nor from any official channel both from within the Pa-O SAZ and the Shan State government. There was no media coverage on what should have been a significant event in the township, if not nationwide. Local activists and CSOs, people who are supposed to be checking on every move of the factory, were not informed. Most important of all, the PYO, the group that published *Poison Clouds* in 2011 that had brought the Tigyt issue to the public, replied to an email enquiring about the status of the project, confirming that there was media silence between October 2014 and February 2016. They, too,

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<sup>238</sup> Interview on 30 July 2017. They remembered clearly that they had first heard about it in April 2015 because they had met their friends during the Thingyan Festival that celebrates the Burmese New Year.

<sup>239</sup> Interview on 31 July 2017.

<sup>240</sup> Interview on 30 and 31 July 2017.

<sup>241</sup> Interview on 1–2 August 2017.

<sup>242</sup> Interview on 2 August 2017.

<sup>243</sup> Interview with the Taung Yoe and Shan representatives on 31 July 2017.



believed there had been a cover-up.<sup>244</sup> All these factors indicate that there had been a deliberate effort to stop the news being leaked.

Interestingly, a report in *The Myanmar Times* on 1 September 2015 revealed that all coal power projects were to be delayed until after the election. The report was not referring to Tigyit, but instead pointed at the eleven memorandums of understanding signed between the Ministry of Electric Power (MOEP) and various private companies since 2010.<sup>245</sup> Importantly, the report quoted an unnamed MOEP official as saying ‘it seems that Union-level authorities would like to keep quiet about coal projects as the election is drawing near. So, the projects will be delayed until after the election’.<sup>246</sup>

The news on changing operator and the plan to restart the factory was equally suppressed until April 2016. To many of the interviewees, 28 April 2016 was the day of awakening, as it was on this day that the news of a change in the operator of the factory was reported in *The Myanmar Times*.<sup>247</sup> However, even the report was vague. It mentioned another Chinese company as the ‘winner’ of a ‘long-term operation’ on 22 October 2015, but there was no mention of how the company was selected and what criteria were used.<sup>248</sup> It was also revealed that there would be an upgrading of equipment, such as boilers and turbines, to ensure the power plant pollution emission would comply with the World Bank’s environmental standards.

Suspending the project should have been good news to the local people, so why was there a blockade on the news until 2016? Interestingly though, the same report in *The Myanmar Times* also claimed that another Chinese company, Wuxi Huagaung

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<sup>244</sup> The person in charge of covering the Tigyit project was in Yangon on 3 August 2017. In his absence, his colleague could not confirm whether there was no media coverage during the period mentioned. An email was sent to him on 21 August 2017 seeking clarification, and he replied on 25 August 2017 confirming that not even the local language media reported on the stoppage.

<sup>245</sup> Tigyit was not mentioned in the report, which mainly looked at projects that were planned but not started.

<sup>246</sup> Aung Shin. (2015, September 1). Coal power projects to be delayed. *The Myanmar Times*. Retrieved from <https://www.mmtimes.com/business/16245-coal-power-projects-to-be-delayed.html>.

<sup>247</sup> Aung Shin. (2016, April 28). Chinese firm to restart Myanmar’s only coal plant. *The Myanmar Times*. Retrieved from <https://www.mmtimes.com/business/20010-chinese-firm-to-restart-myanmar-s-only-coal-plant.html>.

<sup>248</sup> The report said there was a tender issued by the previous government.

Electric Power Engineering (WHEPE), had been appointed, with a view to providing an upgrade of the Tigyit power plant. The report mentioned a tender process, but it was unclear about how the tender was operated. Who was invited to the tender? What were the terms and conditions? Was there any specific technology requirement? It was not until seven months later, in November 2016, that *The Irrawaddy* reported that WHEPE had been awarded a 22-year operating license for the Tigyit plant.<sup>249</sup> There is very little public information on the new Chinese company, other than that it was started in 1992.<sup>250</sup> Then, in October 2016, it was reported that the Tigyit power plant had resumed operations, although the Shan State government claimed it was only a test run to assess the effectiveness of the upgrade (see Figure 19 for the timeline of the Tigyit project).<sup>251</sup>

2001 – September	Location selected by Vice-Senior General Maung Aye
2002 – September	Work began
2005 – April	Operations began
2011 – November	PYO published <i>Poison Clouds</i>
2014 – October	Operation stopped; no media coverage
2015 – October	WHEPE awarded a 22-year operating licence; no media coverage
2015 – November	General election
2016 – April	First media coverage on change in operator
2016 – October	Operation recommenced; WHEPE claimed “test-run”

**Figure 19: Timeline of the Tigyit power plant (Source: Myanmar Times, The Irrawaddy and various interviews)**

Apart from the media silence, several questions beg to be answered. First, why was production suddenly halted in late 2014 and without much publicity? The problems with the project had been widely publicised, especially after the PYO report in 2011, so why did it take so long for the government to take any action? Second, if the plant had been shut down for operational upgrade, how could production be resumed so quickly, i.e. in less than a few months after WHEPE being awarded the operation license? Finally, apart from the villagers, who got temporary relief from the daily pollution, who were the other beneficiaries in this short recess period?

<sup>249</sup> Salai Thant Zin. (2016, November 4). Locals campaign for shutdown of coal-fired power plant. *The Irrawaddy*. Retrieved from <https://www.irrawaddy.com/news/locals-campaign-for-shutdown-of-coal-fired-power-plant.html>.

<sup>250</sup> A request was sent to the company secretary for more information, but the company was planning a public listing in 2017, and therefore no information could be distributed until after the public listing.

<sup>251</sup> Ye Mon. (2016, October 25). Residents fear restart of coal power plant. *The Myanmar Times*. Retrieved from <http://www.mmmtimes.com/index.php/national-news/23280-residents-fear-restart-of-coal-power-plant.html>.

According to a senior executive of the PYO, the temporary stoppage was purely a public gimmick ahead of the 2015 election. He explained that the PNO would have great difficulty in gathering support if Tigyt was still in production during the election period. He went on to explain that the PNO had claimed credit for stopping the project and had told the village tract leaders to stop the villagers from complaining and to believe in the PNO.<sup>252</sup>

Putting aside the validity of the claim by the senior PYO operator, could there be any other explanation for the questions regarding the timing of the stoppage and why it could be restarted in such a short time but under a different operator? Importantly, who were the main beneficiaries? Former President Thein Sein had already been in office for over three years when the project was put on hold. If his action to suspend the equally controversial Myitsone Dam project is of any reference, he could have suspended the Tigyt project much earlier.<sup>253</sup> The Myitsone Dam and Tigyt power plant shared many similarities in that both projects resulted in adverse environmental and social impacts, with ethnic minorities being the main victims of land loss and involuntary displacement. In terms of economic benefits, both projects offered very little return to the local area. Only 10% of the electricity generated from the Myitsone Dam was for domestic use, with the remaining 90% being destined for China. While both the coal and power production at Tigyt were for local use, the acid rain and contaminated water table were causing serious pollution to Inle Lake, an iconic tourist hotspot. Therefore, if the government was sensitive to large-scale environmental and social issues, it would only be reasonable to expect Thein Sein to take swift action on Tigyt similar to that of Myitsone and not to wait until late 2014.

Moreover, if there was any genuine desire to contain the damage to the surrounding environment, one would expect the assessment process and the upgrade of machineries and methodologies to have taken a longer time. However, the original Chinese operator (CNHMC) was simply replaced by another (WHEPE), without any transparency or regulatory scrutiny. In fact, none of the English language media that

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<sup>252</sup> Interview on 3 August 2017.

<sup>253</sup> The Myitsone Dam project was suspended in September 2011, less than nine months after Thein Sein took office.

cited the resumption of production reported the change in operator until six months after the contract had been awarded to WHEPE. In fact, between October 2015 and April 2016, no English language media outlet had published anything relating to this significant changeover, which suggests that the regime deliberately kept a tight lid on the news. While direct evidence is still lacking to prove a cover-up, the absence of transparency and the media silence invite an inevitable connection to the general election held on 7 November 2015.

Taking all this into account, the sudden suspension of operations and the secrecy in changing operators (resulting in the resumption of operations), all of which took place within a short timeframe of eighteen months and conveniently straddled the election period, indicate that the PNO was the ultimate beneficiary in this episode of events. Villagers and CSOs operating against the project were given the false hope that the operation would be suspended, at least until a solution could be found to solve the pollution problem. However, the truth is that production resumed once the election was over. Therefore, the suggestion by the senior PYO operator that the suspension was really a political gimmick is not without merit.

### **7.2.3 The role of the village tract leader in the Tigyit coal mine and power plant projects**

The meeting with the Tigyit VTL was unscheduled because none of the interviewees in the area, including the religious leader, MP, village headmen, and representatives of CSOs, were able to (or they were reluctant to) make the introduction. However, informed by a village headman that the VTL owned a general store in the market and that he occasionally stationed in the office at the back, the team went to the store on a market day and found him there. He was at first surprised by the visit but eventually agreed to be interviewed.

At the time of the meeting, the Tigyit VTL was sixty-six years old. He had been a member of the PNO since 1995 and had been the village tract leader for over fifteen years. In other words, he took over the position at around the time when the Tigyit coal mine and power plant were being launched. In such a position, he presided over the turbulent years when land was being grabbed for the projects, which bore the full

blunt of villagers' resistance. Despite this, he held the position uninterrupted for the entire period. Therefore, the part he played was of primary interest.

To defuse the initial unease, a general question about his responsibility as a VTL was raised. He explained that his main responsibility was to attend meetings with the PNO and sometimes with state government officials, and to make announcements to the villagers when there were things to be disclosed. He went on to say that he was also responsible for building schools and roads.<sup>254</sup> After sensing that the tension had subsided, the question of whether he had received any complaints from the villagers about the coal mine and power plant was raised. He explained that he was aware of some people being involved in the 'movement' (against the projects), but no one went to him to complain. He reiterated that his main responsibility was to get funds from the PNO in order to build schools and roads, thus implying that the Tigyt problems were none of his business. When pressed on the issue of land grabbing as a result of the coal mine and power plant, the expression on his face became uneasy. After a moment of thought, he said that he was willing to help the villagers, but he then he went on to say that he was not sure if the villagers had really lost their land.<sup>255</sup>

Since the VTL claimed that one of his main responsibilities was to make announcements to the villagers, he was therefore asked whether he knew about the plant stoppage, whether he was informed about the change in the operator and the imminent restart, and whether he made any announcement to the villagers. He explained that he had only found out about the plant stoppage from some villagers around the middle of 2015. He was adamant that he had not known about the power factory changing operator in October 2015, and he claimed that he had only known about the plant restarting in May or June 2017.

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<sup>254</sup> The responsibility for building schools and roads ties in with interviews with other VTLs in other areas (see Chapter 6).

<sup>255</sup> The view of the VTL is consistent with that of the PNO. In an interview with the chairman of the political party, he explained that there was no record of land ownership at the village level, and therefore the claims by the villagers were groundless. Furthermore, he claimed that the lands taken by the PNA were unoccupied lands. Interview on 27 August 2014.

Prima facie, the VTL appears to have played no role in the Tigyt problem. However, the words of the Tigyt VTL cannot be taken at face value because parts of his narrative defied common sense and contradicted accounts from other highly respected people. On the issue of land grabbing, he could not be telling the truth in relation to not being sure if the villagers had really lost their land. Under his nose, at least two villages had been removed for the coal mine, and three villages near the power plant had land confiscated to make way for the factory. This was not unoccupied land, and villagers were forcefully displaced.

Likewise, his claim about no one complaining to him about the projects was simply false. Three village headmen representing villagers who had lost their land to the projects said they had confronted the VTL but were told that they would be arrested if they continued complaining.<sup>256</sup> The village headmen's account was more credible because, out of desperation, they turned to the METTA Development Foundation for help. METTA is an NGO formed in 1998 to assist communities in Myanmar to overcome the consequences of conflict through self-help initiatives.<sup>257</sup> The training took place in Taunggyi and not Tigyt because they were 'secretly' attending capacity-building classes in relation to forming a farmer union organised by the METTA. The village headmen explained that they had attended the training sessions secretly because they were scared of being found out by the VTL and the PNO. The training was about their land rights and how to protect those rights. Why would the villagers take the risk of secretly joining a capacity-building programme organised by METTA if they could seek help from the VTL?

The village headman of a village located right next to the power plant also tried to complain to the VTL, but he could not get anywhere near him because 'there were soldiers'. The village headman explained that many people wanted to complain to the VTL, but he asked the PNA to turn those people away. He was clearly scared of the VTL. During the 2015 election, the PNO asked for a meeting with the villagers, and the VTL told him that every villager had to attend the meeting. When the Tigyt Monastery was being built, the PNO asked for volunteer workers, but the VTL told

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<sup>256</sup> Interview on 30 July 2017.

<sup>257</sup> METTA Development Foundation. Retrieved from <http://www.metta-myanmar.org/who-we-are/>

the villagers that they had to volunteer. Towards the end of the interview, the headman revealed that he had once given an interview to the media on the power plant, and the VTL immediately called him that evening and told him not to talk to the media again or his village would not get funding for building its school and road. He ended the interview by saying that he did not want to talk too much because the village was applying for electricity supply.<sup>258</sup>

The supply of electricity also revealed an interesting power dimension. It is ironic that the power plant was right on the doorstep of the village, and yet the villagers still did not have electricity after over fifteen years of suffering. However, a director of WHEPE, the new operator of the power plant, revealed that the company had agreed to provide electricity to fourteen villages in the Tigyt village tract as part of the appeasement initiative. When asked about why this applied to fourteen and not all nineteen villages in the Tigyt village tract, the director said that the decision was taken after consultation with the VTL, who informed the company about which villages were most affected by the power plant.<sup>259</sup> Therefore, the VTL knew about the plan to provide electricity to fourteen villages, but he chose not to disclose this information, presumably because he could then assert maximum leverage on the villagers, and, until the news was officially announced, the villagers would not know whether they were part of the lucky fourteen villages recommended by the VTL.

However, the most important question is whether he really had not known that the contract for the factory operator had secretly been awarded to another Chinese company in October 2015? Whether he had known about the restart of the factory and its timing is of little consequence because, if the company signed a 22-year agreement with a new operator, the only conclusion that can be drawn is that the factory was definitely going to be restarted. Keeping in mind that the current Pinlaung MP said that he had not had to face challenging questions on Tigyt during his election campaign, the award of the contract to the new Chinese operator took place in October, one month before the election. If the VTL had known about the situation but had not announced it to the people, then it can be argued that he played

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<sup>258</sup> Interview on 31 July 2017.

<sup>259</sup> Interview on 1 August 2017.

an important role in helping the PNO MP get elected by suppressing vital information that should have been made public.

Unfortunately, there is no direct evidence to prove that the VTL knowingly withheld information about the factory from the public, at least in this particular instance. However, while the bullet cannot be found, there was a smoking gun. The religious leader of the Tigyt Monastery said that while he had not known the factory was going to be restarted until 2017, he said that he had noticed a lot of Chinese people coming in 2015 to stay and look at the machines in the factory. They had also visited the monastery, and therefore he had good recollection of the incident.<sup>260</sup> Had the VTL also known about the arrival of the Chinese visitors? If he had not known, then he would not have been doing his job. Under the Ward or Village Tract Administration Law introduced in 2012, Chapter VII, 13(p) stipulates that it is the duty of the VTL to inform the relevant parties ‘of the entering and leaving of foreigners’, and 13(h) further requires the VTL to report ‘if he finds a suspected stranger who does not live in the ward or village and report unusual processes at the same time’. In this sense, surely the arrival of the Chinese visitors should have triggered the attention of the VTL. If the village headmen had to go to Taunggyi to avoid being discovered attending capacity-training classes with METTA, and one headman immediately received a call from the VTL telling him not to speak to the media again, then it seems that the VTL had a good understanding about what was going on in his village tract. He may not have known the full details of the situation, but, in his position as VTL, he had a duty to know if there was something going on in the factory, in addition to investigating the Chinese visitors and reporting it accordingly.

The incentive for not doing so is clear. It was election time, and the PNO was facing strong competition from the NLD and another Pa-O ethnic political party, the UPNO. The PNO could not afford to allow the Tigyt issue to affect its election campaign in Pinlaung. However, the coal mine and power plant were owned by state cronies, including Nay Win Tun, the main patron of the PNO. Therefore, while the signing of the new operation agreement in October 2015 may have been deemed inconvenient

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<sup>260</sup> Interview on 2 August 2017.



for the election campaign, the negative impact could be postponed by a cover-up. The VTL, being a PNO appointment, would have no choice but to follow the party agenda and co-operate in the cover-up.

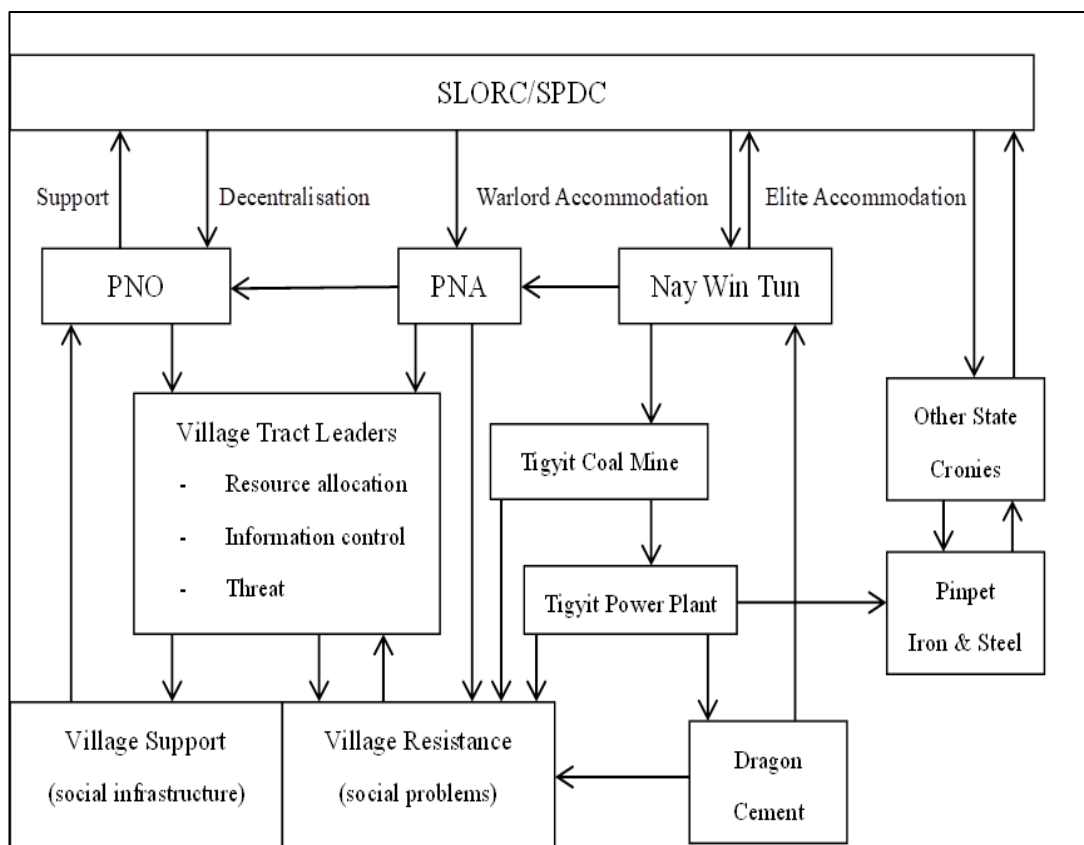
### **7.3 Enforcing Social Control: Village Tract Leader as the Implementer**

The key finding of this chapter is confirming the role of the VTL in the PNO's scheme of control in the Pa-O SAZ. From the ANOVA and post hoc tests in the first part of the chapter, to the qualitative narratives of the role of the VTL in the Tigyt disputes and the 2015 election, this finding supports the claim that the VTLs are the implementers through whom the PNO assisted the regime to maintain social control at the decentralised zone.

How could the Tigyt VTL inflict so much fear, and thereby control, over the villagers? His ability to call upon the soldiers of the PNA to arrest and turn away protestors is one important asset. Moreover, he could determine whether a village could get schools, roads, or electricity, which is distributional power. Furthermore, the flexibility to withhold important information at will can also be seen as withholding power because, by withholding certain information, the VTL could apply more leverage on the villagers, as in the case of not announcing that the company had already agreed to provide electricity to fourteen villages so that the village headmen would not dare to give interviews.

The remaining issue that needs to be addressed is how control at the village level fits into the whole picture of regime survival in the context of the decentralisation of authority in a frontier area. Recalling the argument that ceasefire capitalism fails to explain how a co-opted warlord could become a state builder, the identification of the role of the VTL provides the missing link for how authority is maintained and centralised. The illustration in Figure 20 provides the links that hold the state, the warlords in the frontier areas, and other state cronies together in an empire of exploitation, or what can be seen as the residue of ceasefire capitalism, and through which the village tract system maintained control at the village level.

Taking the case of Tigyt in Pinlaung Township to illustrate the point, the regime co-opted ex-PNA General Nay Win Tun by providing generous economic concessions. Nay Win Tun, in turn, used his newly-gained financial power to fund the activities of the PNA and PNO, who became pro-regime.



**Figure 20: How power is manifested from macro to micro levels in Pinlaung Township\**

This is where ceasefire capitalism ends and the finding of the role of the VTL fills the missing link. Authority in the Pa-O SAZ has been decentralised from the state and yet maintained because the PNA simply replaced the *Tatmadaw* in the SAZ, and the PNO served as the administrator to determine who should get what, when, and how. The country needs development, and development needs basic building blocks, such as electricity, cement, iron, and steel. Taking advantage of these opportunities, Nay Win Tun started Dragon Cement in Tigyt, and another state crony, Aung Ko Win, founder of the Kanbawza group, invested in the Pinpet Iron and Steel plant in Hopong, both within the territories of the Pa-O SAZ. However, both the cement and iron and steel plants need electricity supply. Therefore, in 2002, the Tigyt coal mine became operational. Nay Win Tun was also a shareholder in the coal mine. The coal was transported to the nearby power plant, also partly owned by Nay Win Tun,

which, in turn, provided electricity to the Dragon Cement and Pinpet Iron and Steel factories. The coal mine and power plants caused land grabbing, human displacement, health issues, and severe environmental damage. Naturally, the locals resisted the projects, but their initial efforts were in vain due to a combination of threats from the PNA, whose main patron was Nay Win Tun, and the ‘ineffectiveness’ of the VTLs, given that they were appointed by the PNO.

‘Ineffectiveness’ takes on two meanings, one of which is that the VTLs did not respond to the complaints from the villagers because they sided with the PNO. They handled the villagers by leveraging social infrastructure delivery. Villages that fell in line would be given preferential access to schools, health centres, and roads. If a VTL could not handle the villagers, he would be removed and replaced with someone who could do so. The other meaning of ‘ineffectiveness’ is that there was nothing the VTL could do, even if he was also a victim or sympathised with the villagers. He would simply be removed or faced a similar threat from the PNA. In either case, the result is the turnover of VTLs in Pinlaung being significantly higher than the other two townships, which reinforces the point that the PNO used the VTLs to control the villagers.

However, the 2015 election was the acid test of whether the PNO was the right agent for the regime to control a frontier amid decentralisation. In a relatively free and fair election, which was closely monitored by international observers and with better voter education, the PNO was the only pro-regime ethnic political party that retained all its seats. In Pinlaung Township, the PNO candidate won 82% of the vote. While an improvement in the provision of social infrastructure could be one of the contributing factors leading to the Pinlaung victory, the cover-up of the Tigyt projects also helped to sway opinion in favour of the PNO. The Tigyt VTL, living in the eye of the storm, could not claim ignorance of the power plant being restarted because there were strangers staying in his village tract, when a secret agreement was concluded right before the election. The role of the VTL in the cover-up cannot be dismissed. After the election was over and the dust settled, the villagers woke up to the reality that there had never been any intention to permanently shut down the

power plant. In this sense, the temporary closure was only for the convenience of the election campaign.

If there was any illusion that the 2015 election could be a political storm to remove injustice and reinstall faith in the political system, then, as far as the regime is concerned, it was a perfect storm because, after the storm, all the state cronies are still serving the ‘unity’ of the country while enriching themselves. In the Pa-O example, it has been demonstrated how state capacity and social control can be enhanced even though authority has been decentralised. The key to success is completing the triangle of accommodation and linking the state, warlord, and implementer in a self-serving political economy.

This is the sad reality of a political structure under Murdoch’s school of critical political economy. Collusion between the political and business elites seek to stall any meaningful reform that would undermine their interests, and this political-economic collusion enjoys a trajectory that tends to perpetuate the status quo.

## **Chapter 8:**

### **Conclusion**

The thesis began by examining the challenges faced by the Burmese military regime after it seized power in a ruthless suppression of the democracy movement in 1988. The country was left isolated by the West, and its financial woes deepened after decades of economic mismanagement. Amid the chaos, the regime quickly entered into ceasefire talks with various ethnic armed groups. In the process, special regions were demarcated and state control was decentralised. Interestingly, the ceasefire agreements allowed the ethnic armed groups to keep their weapons, which meant that conflict could easily flair up again. This led to the main research question: for a regime that lacked capacity and legitimacy to govern, how did it maintain control in these traditional conflict hotspots? The thesis looked into the political order in the Pa-O SAZ as a case study of the statecraft technique employed by the regime.

Essentially, the research question ventured into the territories of state-frontier relations and warlord politics. However, treating the state as an analytical unit was clearly problematic for Myanmar because the regime lacked the capacity to penetrate society, regulate the population, extract the resources, and attribute the economic windfalls. Therefore, the research turned to Migdal's state-in-society theoretical framework, which sees state-society relations through the lens of the interaction between various actors played out in an emerging political complex, or what Migdal calls the arena. Within the arena, the rules are fashioned through the mutual constitution of the actors involved.

In explaining why so many developing countries remain weak, Migdal argues that such countries lack social control, which undermined state capacity. Social control can be observed from the ability to enforce compliance, mobilise participation, and provide the ruler with legitimation. In a conflict-laden society, the lack of social control inevitably hampers regime survival. To overcome this problem, Migdal suggests a three-way accommodation strategy, which he calls the triangle of accommodation, involving accommodation of leaders at the top level,

accommodation of strongmen at the middle level, and accommodation of the implementer at the local level. The answer to the research question lay within the triangle of accommodation. However, the existing literature on Myanmar regime survival was missing the final piece of the jigsaw: the accommodation of the implementer. Moreover, the process on accommodating the top level of leadership and the middle level of strongmen also required clarification. Hence, the thesis proceeded to investigate the structure of accommodation at each level and to identify the implementer.

Guided by the state-in-society framework, the thesis adopted the Murdoch school of critical political economy as the analytical tool to capture the dynamics of the interactions of the political actors in the arena. The difference between the theoretical framework and the analytical approach is that Migdal is on a higher level of theoretical abstraction, whereas the Murdoch school is more precise in defining the empirical tools for investigation. The accommodation strategy suggested by Migdal can take many forms, but the Murdoch school suggests zooming in on the political economy. In a nutshell, the Murdoch school believes that collusion between the political and business elites will resist genuine reform and hinder a country from development.

In using the state-in-society framework, the thesis followed the suggestion of Migdal to start the investigation by looking at the environment of the conflict, which was outlined in regard to four dimensions in Chapter 2. The first dimension examined the basis of self-determination as the source of conflict. The second dimension focused on the conflict from the perspective of regime survival and explained how the top level of accommodation was achieved by, first, injecting state assets into two private companies owned by the military, with current and retired military officers as beneficiaries, and second, enacting the 2008 Constitution as added security to perpetuate military dominance. The third dimension examined the conflict from the perspective of the local strongmen by introducing the concept of a frontier (as against a border) and a warlord as a state-builder. This led to a discussion on warlord politics and the second level of accommodation of the warlords. The changing role of the PNO from a roving bandit to a stationary bandit was highlighted to explain their

expected behaviours. The final dimension examined the conflict from the perspective of the resistance. Since most Pa-O are farmers, the debate on moral economy and rational peasants between Scott and Popkin was revisited in order to inform the research about the source of resentment and resistance.

Through examining the nature of the conflict under the four dimensions, the research question was further explained, which paved the way for the investigation of the regime survival strategy based on the accommodation of the warlord and the implementer, who remained to be identified. The process of investigation was like peeling an onion, in that it had to be taken off layer by layer before getting to the core, and for this investigation there were three layers. The first layer related to the system of administration, followed by a layer containing the players in the system, and then a final layer setting the rules of the game. These layers were revealed in Chapters 3, 4, and 5 respectively. Once these layers had been revealed, the core was exposed, which contained information on how control was maintained in the Pa-O SAZ and who held the position as the implementer. This information was analysed in Chapter 6.

The objective of providing a background to the transformation of the administration system in the country was to extract the components that could withstand change. Each society has its own unique ways of preserving values and traditions, which, in turn, can inform research on the core fabric that binds society together. Indeed, the examination of the system yielded important clues as to who the implementer could be. During the colonial period, the British divided the country into Burma Proper and the Frontier Areas. Interestingly, while the administrative system in Shan State was largely left intact, with the *sawbwas* remaining the local rulers, the British replaced the *pu heins*, the village tract leaders, with their chosen men. This strongly suggests that the British recognised the special position that these village leaders held in rural society. For the village tract leader to be the implementer, he would need to satisfy two requirements, as suggested by Migdal. First, he would need to be far from the sight of the regime; second, he would need to pose no threat to the regime. At this stage of the thesis, it could not be determined whether the VTLs fit such descriptions. Therefore, the next peel needed to be removed in order to reveal if the VTLs were far

from sight and posed no threat to the regime, which involved identifying the players in the Pa-O political system.

Accordingly, the objective of Chapter 4 was to reveal the key political actors and how they interacted in the emerging political complex of the Pa-O SAZ. This informed the research on the political contours of the SAZ, particularly who was representing the interests of the state and who was on the opposing side of the state. The importance of this classification was that it was able to shed light into the operational rationale of the second level of accommodation, i.e. why the PNO was chosen ahead of other political actors. Constructing the political complex made up of political actors also served two important functions: it shielded the VTLs from the sight of the regime and created a buffer zone preventing the VTLs from threatening the power of the regime, both of which were required conditions for the VTLs being considered in the third level of accommodation.

After explaining the structure of the political complex, Chapter 5 moved on to examine the rules of the game in the Pa-O SAZ. The rules of the game were conditioned by the political economy constructed by the regime under ceasefire capitalism, which is a form of capital production that facilitates state capacity in the process of extraction and attribution. While this form of capital production is allowed to roam free within the emerging political complex, the condition is that the activities must be within the orbit of the regime, or what Woods calls military-state centralisation.

Consequently, in the resulting political economy, the military regime, Nay Win Tun (the local warlord who was an ex-PNA general), and the PNO formed a three-way patron-client relation to facilitate the extraction of resources and attribute the windfalls. Special economic concessions were granted to the companies controlled by Nay Win Tun. Part of the profits from these operations was used to finance the political activities of the PNO, which, in turn, supported the policies of the regime. This is the second level of accommodation in the triangle of accommodation, contextualised and operationalised in Chapter 5.



Additionally, the co-optation process pointed to a new divide-and-rule strategy. The ceasefire agreements also accommodated other local armed groups, but the economic incentives provided were very different from those granted to the PNA. Whereas the business concessions granted to Nay Win Tun provided recurrent income, other armed groups in the area, such as the PNLO, were only given one-off gains. The effect of this policy was that the PNA and the PNO were installed as the local hegemon in the Pa-O SAZ, but their power was constantly challenged by other groups, therefore indirectly further underpinning the patron-client relations between the PNO and the regime.

Up to this point of the thesis, while the first two levels of accommodation on the leadership and warlords had been clarified, the last level of accommodation on the implementer remained unanswered. Although there were signs to suggest that the VTLs could play the role of implementer, how did they actually execute the implementation? Therefore, Chapter 6 scrutinised the social control mechanism at the village level. Instead of taking the direct approach by assuming the use of coercion, the Pa-O villagers were asked, by means of a questionnaire, what they wanted from their leaders. The questionnaire revealed that the villagers generally would like to have development in the form of social infrastructure, such as more schools, roads, and hospitals. The feedback from the questionnaire informed the research to focus the examination on the process of social infrastructure delivery at the village level.

The chapter provided four important findings. First, in terms of satisfying the desire of the villagers on social infrastructure development, the PNO have built more schools and hospitals. This underpinned the argument by Olson that, as opposed to a roving bandit, a stationary bandit has the motivation to provide development. It also partially served to explain why Pa-O villagers voted for the PNO in the 2015 election. Second, the desire for social infrastructure gave the VTL leverage on the villagers, i.e. a form of distributional power that delivered the compliance aspect of social control and ultimately brought legitimation through the election result. Third, the compliance came in the form of a trade-off. In the case of the villagers living next to the power plant, villagers kept their mouth shut about the power plant

(compliance) because they wanted electricity at home (trade-off). This supported Popkin's claim that the farmers are rational actors, while Scott's proposition that the farmers also demanded subsistence ethics and justice could not be rejected. Finally, and importantly, the final piece of the jigsaw in the triangle of accommodation fell into place. The VTLs were the implementers in the scheme of social control. Since the VTLs were appointed by the PNO and, given that the PNO was closely tied with the military regime through ceasefire capitalism, the third level of accommodation was accomplished.

The remaining issue was, besides deciphering the narratives of the villagers on the role of the VTLs that point to them being the implementers, can this interpretation be objectively proven? Therefore, Chapter 7 aimed to test the validity of the claim that the VTLs are the implementers. The hypothesis was built on the rationale that if a VTL was fulfilling his role in executing social control, and since there was no fixed term on his tenure, therefore, one would expect the VTL to be in office until he could no longer serve his purpose. There are three townships in the Pa-O SAZ, each with its groups of village tracts and VTLs. The Tigyt coalmine and power station owned by state cronies have been sources of local grievance. These projects, located in Pinlaung Township, were started in 2002, which is the timeline when local resistance began to emerge and the service of the VTLs (the implementers) was called into operation. By examining the average number of VTLs in a sample size of 50% of the total village tracts, it was established that Pinlaung Township experienced a more frequent change in VTLs in the period 2002–2015, which coincided with the development of the coalmine and power plant.

However, the PNO won the seat in the Pinlaung Township despite local discontent. The villagers still voted for the PNO because the Tigyt power plant had conveniently been shut down before the election, giving the villagers the false hope that their nightmare had ended. However, it later transpired that there was a major cover-up in regard to the power plant stoppage, which began operations again in April 2016, barely five months after the election. The fingerprints of the VTLs were highly visible in the cover-up.

The Tigyit coalmine and power plant projects provided a vigorous test on the implementation of social control. The case illustrated how ceasefire capitalism created the political economy in the Pa-O SAZ, which facilitated the extraction and attribution of resources in favour of the regime and its cronies. More importantly, the case demonstrated how resistance could be managed through the VTLs, who were the implementers in the crucial last part of the triangle of accommodation. Consequently, even though authority had been decentralised, the regime managed to retain control in the Pa-O SAZ because state capacity had been enhanced through the proper exercise of social control at the village level.

## **8.1 Summary of the Key Findings**

The research question set out to reconcile the claim by Castells that decentralisation of authority could undermine regime legitimacy when the locals become less dependent on the central government, with the statecraft technique of ceasefire capitalism in which a specifically constructed political economy could deliver state-military centralisation despite decentralisation, as argued by Woods. In her study on the political contours after ceasefire initiatives, Callahan employs the concept of the emerging political complex to explain various ceasefire outcomes, which include total devolution and military occupation in some areas, and co-existence also being achieved in other areas. However, both Woods and Callahan do not specify how ceasefire capitalism and emerging political complexes actually function at the local level.

Therefore, this research advances the ideas of Callahan and Woods by providing the operational mechanisms that link the implementation process from macro to micro levels. In doing so, this research engages with the theoretical concept of warlordism and provides Olson with fresh evidence that there is indeed a behavioural difference between a roving bandit and a stationary bandit, while the transition of the role may need external stimuli to kick-start it. Moreover, this research reopened the debate between Scott and Popkin on moral economy versus rational peasants and offered an update on the rural-central relationship. The key findings are as follows:

### **8.1.1 The distributional power of the village tract leader**

The Pa-O SAZ lacks development, and therefore the majority of villagers saw development simply in terms of more roads, schools, and clinics. The villagers have no money to pay for these facilities, nor do they know how to apply for them, and therefore the village headman can only rely on the VTL to write a proposal to the PNO head office asking for funding. There is no transparency as to what the recommendation of the VTL is, what the criteria are, and, indeed, whether the proposal is submitted at all. Therefore, the VTL can determine which village can get what and when. The distributional power possessed by the VTLs is outside their statutory functions and duties as stipulated under Chapter VII of The Ward or Village Tract Administration Law 2012. In the past, the patron-client relation was formed between the villagers and the VTLs. However, after the PNO became the sole administrator of the region, they had it in their power to appoint the VTLs. Therefore, the VTLs no longer serve the villagers but are instead answerable to the PNO. Consequently, the PNO can make use of the distributional power of the VTL to manipulate the villagers in order to achieve social control.

### **8.1.2 Village tract leader as the implementer**

Regime survival is a daunting task if there is a lack of state capacity and social control. Migdal uses this to explain why so many developing countries remain weak. For a strong state to return, the triangle of accommodation has to be in place. Sharing power with the elites in the leadership is the top level of accommodation, and co-opting the strongmen is the second level. However, there is still a missing link in relation to finding an implementer to help the state enforce social control, which is the third level of accommodation. However, this implementer cannot be anyone. He has to be far from sight of the regime so as not to pose a threat to his leadership. In the case of the Myanmar military regime, the village tract leaders in the Pa-O SAZ were the implementers. They fulfilled the requirements and contributed towards enforcing local compliance and participation, and, by taking advantage of the rational calculations of the villagers, delivered legitimation to the regime. These are essential attributes of social control, which help to expand state capacity and overcome the problem raised by Castell regarding losing legitimacy after decentralisation.

### **8.1.3 The dynamics in the Pa-O SAZ political economy**

At the heart of Migdal's state-in-society theoretical framework is the need to construct the state-society relations through the interactions of the various actors being played out in their specific arenas. Why does the state have to be broken down into different arenas, or, in other words, why do we have to unpack the state? The answer is that each arena has its own set of rules, and the boundaries of an arena are determined by where the local rules cease to apply. However, who determines the rules? In a frontier area, such rules are being carved out at the juncture where interests collide. Hence, one of the key findings of this research is in mapping the relationships of various actors under a political economy setting, thereby re-drawing the patron-clients relations with regard to respective interests.

In the Pa-O SAZ, there were multiple dynamics at work. The co-optation of local warlords and binding them to a political economy under ceasefire capitalism is just one dimension. Continuous conflicts between the PNO and PNLO due to historical reasons and playing into the hands of the regime's divide-and-rule strategy is another dimension. How local resistance was given a breath of fresh air with the help of CSOs sponsored by foreign donors represents yet another dimension. Moreover, how the PNO responded to the challenge by setting up their own NGO to compete for the moral high ground is another evolving dynamic. Although these dynamics are still evolving in the Pa-O emerging political complex, with old ones fading out and new ones entering the scene, the findings of this thesis provide a template on which to build for future studies.

### **8.1.4 The learning curve of a stationary bandit**

To assume that all ethnic Pa-O were under pressure to vote for the PNO in the 2015 election would be misleading. Indeed, the questionnaire indicated that the PNO enjoyed an overall 42% grass-root support, compared to just 35% for the NLD (see Table 5). The notion that they were ethnic Pa-O, and they would therefore only vote for the PNO against the NLD, is logically wrong because, unlike the 2010 election, Pa-O people had the UPNO as an alternative. After all, the UPNO portrayed

themselves as anti-establishment on their election platform, i.e. as the alternative to the PNO. What does this tell us?

The fact that the PNO received genuine support is because they had improved the social infrastructure at the village level, even though which village got what was still subjected to the distributional power of the VTLs. The total number of schools in the Pa-O SAZ increased by 22% during the period 1991–2015, which was much better than the 13% increase in other Pa-O areas and far superior to the Danu SAZ, which actually recorded a 6% decline (see Figure 13, Figure 14 and Figure 15). The number of station hospitals in the Pa-O SAZ increased from just one in 2001 to three by 2015. Likewise, the number of rural health centres and sub-rural health centres increased from 6 to 16 and 19 to 79 respectively for the same period (see Figure 16).

When speaking with CSO representatives or other political parties, such as the UPNO, PNLO, and NLD, they were of the opinion that the PNO was as oppressive as the military regime, and the PNO/PNA were the main culprits of many social issues such as land grabbing and corruption. These types of narrative are expected because, after all, they were challenging the authority of the PNO. However, from the evidence, it can be argued that the PNO brought development and, to a certain extent, order back to the region. After the PNO had reached a ceasefire agreement with the SLORC in 1991 and Special Region 6 was demarcated under their sole administration, the PNO was effectively turned from a roving bandit into a stationary bandit. Therefore, the performance of the PNO provides strong evidence to support Olsen's claim that a stationary bandit will at least care for the local development, as it needs to provide incentives for the locals to continue production that can be taxed.

However, stationary bandits have to evolve with time, and their techniques for service delivery need to be able to withstand competition. As a case in point, the political climate in Myanmar turned more accommodating after U Thein Sein took office. Consequently, there has been a significant growth of NGOs and local CSOs taking active roles in promoting local development, building capacity, and providing support on social issues. These activities were directly undermining the authority of the PNO because they were aimed at alleviating the inadequacies in the system. In

response, the PNO set up a registered NGO in 2011, the PDN, in order to co-ordinate international donors with local development. This is an ingenious regulatory arbitrage because, under the 2008 Constitution, the PNO, as a registered political party, is barred from receiving financial support from overseas donors. Consequently, local development initiatives could be wrested away from them by other NGOs and CSOs. In turn, this development would curtail the distributional power of the VTLs and eventually undermine the effectiveness of the PNO administration. Through the PDN, the PNO were able to attract the Nippon Foundation of Japan to build schools and repair monasteries, as well as private donors from Singapore to repair the Kakku Pagodas, which consisted of over 2,000 stupas.<sup>261</sup> In doing so, the PNO managed to resist the challenge from the collaborations between local CSOs and other foreign donors, who might have different agendas in mind.<sup>262</sup>

While it is still early for making any judgement on the success and effectiveness of the PDN as a soft power of the PNO, this nonetheless indicates that this stationary bandit is willing to learn, adapt, and adjust its strategy, which should be seen as a positive development.

### **8.1.5 The rational Pa-O peasants**

All the villagers interviewed in this research indicated their desire to see development in their villages. Even though the PNO have been accused of working closely with the cronies of the state at the expense of the Pa-O, the villagers still overwhelmingly voted for them in the 2015 election. The Pa-O voters were not without choices; in this sense, they could have voted for the NLD if ethnicity had not been their main concern. Even if ethnicity had been a concern, they could still have voted for the UPNO, an ethnic Pa-O political party. To have voted for the PNO can only be seen as a trade-off in the hope that they would fulfil their part of the deal as a stationary bandit, which is to provide a suitable environment to encourage the production of capital. The villagers who wanted electricity for their homes, even though they were living right next to the power station, are another case in point.

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<sup>261</sup> Interview with the PDN on 28 August 2014.

<sup>262</sup> The patrons of local CSOs, such as KRSAN, DEMO, and PYO, were backed by organisations such as the Open Society and the NED, which had left their footprints in many colour revolutions.

They were too scared to talk to the media about the power plant in case of upsetting the VTL. This was clearly a trade-off, i.e. silence for electricity.

Therefore, there is evidence to support Popkin's argument that peasants are rational people. However, this does not imply that Scott's claims regarding peasants demanding subsistence ethics and the maintenance of justice are necessarily invalid. Perhaps the Pa-O peasants did not revolt amid injustice and erosion of subsistence ethics because there was another channel to express their frustrations. Revolt is always the last resort. However, if the local CSOs and other political parties could help the villagers to address their concerns, like the PYO helping to make public the concerns on Tigyt and the NLD helping villagers to file claims with regard to land grabbing, then perhaps the villagers did not need to rely on the last resort.

## **8.2 Reflections on the Theoretical Framework and the Analytical Tool**

The thesis treated the research question as a problem with frontier governance and warlord politics. This led to the state-in-society theoretical framework. However, could the research question be viewed differently, and would that lead to a different approach and conclusion?

An alternative view would be to see the situation as a problem of uneven development. The divide-and-rule strategy during the colonial period left the Frontier Area isolated, and subsequent exploitation ensured the area remained undeveloped. Therefore, the re-integration project could be state-driven, and the unit of examination could remain at the state level. Under this perspective, the theoretical framework would be Marxism, or the neo-Marxist version of dependency.

A Marxist framework would lead the research to investigating the process of exploitation by the owners of the factors of production, the bourgeoisie, on the people that provide the hard work, the proletariat. In the case of the Pa-O, the bourgeoisie would be the cronies of the state and the co-opted warlords, whereas the labourer would be the villagers. Whilst this approach could explain the rise of civil



society to prepare the villagers in a class struggle against the business cronies, and to a certain extent may even expose the VTLs as the foremen of the workshop who kept the villagers at bay, it would be a theoretical overreach to use the framework to explain the PNO election victory in 2015; in this regard, the villagers would surely take their chance in a free election to overthrow the PNO, which sided with the bourgeoisie.

Likewise, the dependency framework could illuminate the continuous underdevelopment in the Pa-O area, given that the extraction industry was only benefiting the cronies, thus leaving the villagers to suffer the consequences. It would also explain the collusion between the political and business elites in the exploitation of the lack of bargaining power of the ordinary Pa-O. However, going down the dependency route by focusing on the system of exchange may not lead to the revelation of the changing patron-client relations between the PNO, the VTLs, and the villagers.

In truth, there is no single theoretical framework that can underpin the full dimension of the state-society relation in Myanmar. The state and society are evolving continuously and mutually constituting each other. A framework that is applicable for today may not be relevant in the future. Hence, this thesis is mindful that the state-in-society approach may also face criticism.

Myanmar is a weak state with strong societies. ‘Societies’ is in plural here because the Myanmar society is fragmented, segregated by the divide-and-rule policy during the colonial period and further torn apart under the Burmanisation initiative put in place in the 1960s. Moreover, the conflict contour is not merely the dichotomy between the state and the ethnic minorities, or the central against the peripheral, but also among the ethnic armed groups themselves. The nationalist-communist divide has resulted in a rift between the PNO and PNLO, and conflicts over the control of natural resources, the drug business, and trade routes have fuelled internal rivalries. One of the reasons why the ceasefire agreements between the government and ethnic armed groups did not impose arms abandonment is precisely because the ethnic armed groups needed to keep their weapons in order to protect their interests from

rival armed groups. Therefore, the state-in-society theoretical framework was used to capture the interactions of local political dynamics, but it is not without its limitations and shortfalls.

First of all, the state-in-society approach directs the focus away from the state to the interactions of social forces. In this research, social forces have been interpreted through the cleavages of multiple interest groups colliding in an arena that is founded on a political economy platform. The state is therefore represented by different organisations and networks with conflicting economic and political interests. It is fine to unpack the state, but if it is being dismantled the way it is, how to stitch it back together and what would the state look like after being re-assembled? Crucially, the state-in-society framework makes no provision for how to re-integrate the state; it lacks a system perspective, such as the AGIL framework offered by Parsons (1956), for binding the state together.<sup>263</sup>

Moreover, another problem with the state-in-society framework is how to define the boundary of an arena? Is the boundary permeable? How does it interact with other arenas? To put this problem into context, the boundary of the Pa-O SAZ arena can be viewed from different perspectives, such as from its literal geographical boundaries as marked under Special Region 6 that later became the Pa-O SAZ, or it can be determined by the legal jurisdiction under the authority of the PNO. However, none of these are satisfactory because the Pa-O arena is clearly permeable. There are Pa-O villages outside the SAZ that are under different authorities, such as the PNLO or the SSA, and there are external forces that can penetrate into the SAZ, such as Chinese investments and international NGOs. These external forces also interact with the Pa-O SAZ, giving it a multilateral dimension. To overcome these problems, the political economy that dictates the interactions of the political actors is used to capture the dynamics of the cleavages and provide the research with a focus. Without examining the interlocking economic interests between the regime, its cronies, and the co-opted ex-PNA General and his relationship with the PNO, which, in turn, hand-picked the

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<sup>263</sup> AGIL stands for Adaptation, Goal attainment, Integration, and Latency. Adaptation is generally referred to as the economic sub-system within a society, goal attainment is usually set by the government, integration represents the legal system, and latency is the socialisation process that balances the differences.

VTLs who could control resistance from villagers, the 2015 election result in Pinlaung Township would lack a meaningful explanation.

Although using political economy as the analytical tool to examine the cleavages in the Pa-O arena overcomes the problem with defining the boundary, this method also has its shortcoming. A political economy approach assumes that the interactions are based on rational materialistic exchange. In his study of peasant behaviour, Popkin argues that peasants are rational people who make calculated decisions based on their own interests. It is not in the nature for peasants to rebel, and this decision must come from rational calculated considerations. There are always trade-offs between what there is to gain and what is to be given up (Popkin, 1979, p. 22). In a way, the Tigyit project in Pinlaung Township brought out this trade-off mentality in the villagers, given that they did not vote against the PNO because they were hoping to have roads and schools built in the village. In a village next to the power plant, the villagers did not dare speak to the media because they were hoping to have electricity supplied to the village. These are examples of rational trade-offs.

However, the political economy approach underplays the moral dimension of a patron-client relationship, or what Scott (1976, pp. 32-33) terms the moral ethic of subsistence. The basic postulation here is that farmers should be entitled to the right to subsistence. Any political or business elites who ignore this basic right will suffer moral indignation that could fuel revolt. Many Pa-O villagers were living on a subsistence level, and they relied on the land to support their basic survival. Although they had to pay tax to the Shan *sawbwas* in the old days, the farmers enjoyed protection under well-established patron-client relations. The *sawbwas* were the patrons and the villagers were the clients. However, after the *sawbwas* surrendered their hereditary rights in 1957, and Ne Win's military coup in 1962 set the country on the path to the Burmese Way to Socialism, the traditional patron-client relation was destroyed. In its place came repeat ransacking by roving bandits, which included the *Tatmadaw* and various ethnic armed groups. Ironically, the villagers no longer had to pay tax to the PNO after they became the stationary bandit in 1991, but some faced the threat of their land being forcefully taken away from

them. Therefore, how can an analysis that is based on rationality required under political economy capture the moral dimension of the struggle?

The thesis is not insensitive to the existence of a moral claim on the right to subsistence. Indeed, cases of land grabbing, which equate to farmers losing their rights to subsistence, have been reported. However, when the patron-client relation is no longer in existence between the VTL and the villagers, then any hope of demanding that the ruling elites fulfil a moral obligation is futile.

### **8.3 Implications of the Research**

Myanmar has strong societies, but does this necessarily make the state weak? In a comparative study of the development of Sierra Leone and Israel, Migdal (1988) argues that, within the background of decolonisation, a rapid incorporation of the peripheral into the core and the centralisation of resources are prerequisite conditions for a strong state to emerge. If these conditions do not exist, accommodation of elites becomes the only available survival strategy for the ruling regime.

Warlord accommodation and elite co-optation are not new statecraft tools, but why did this work in the Pa-O SAZ and not in other parts of the country, leading to the drastically different outcomes observed by Callahan (2007) in that some areas faced total devolution, even military occupation, while others managed co-existence? In adapting the triangle of accommodation put forward by Migdal, this thesis argues that there is a missing link in ceasefire capitalism. For ceasefire capitalism to work, there needs to be an effective agent operating at the local level to ensure that the policy laid down at the macro level can be implemented at the micro level. This is the role of the implementer. For the regime and the PNO, the implementers have been the VTLs. Once the successful formula was found, by which this means the completion of the triangle of accommodation, it would be difficult for other parties to dislodge the PNO. The UPNO had the moral support of the deprived and marginalised Pa-O villagers, but the party was not on a level playing field because it did not have any financial support or an army to protect the villagers. More importantly, the UPNO did not have the distributional power that the PNO controlled

through the VTLs. Therefore, the dominance of the PNO in the Pa-O SAZ is expected to continue until the playing field is levelled out.

Granted the immediate implication regarding the political contours for the whole country is limited because the PNO were the only pro-regime ethnic political party to retain all their seats in the 2015 election, which means that other co-opted political parties had failed (e.g. the SNDP). However, the Pa-O experience shows that it can be done if a suitable agent is found. Returning to what Migdal claims about the prerequisite conditions for a strong state to emerge, the military regime has already achieved one of these conditions – the centralisation of resources. In the early 1990s, the military government set up two companies, the UMEH and the MEC, to slice up the national resources in conjunction with other state cronies. The investments include ownerships in banking and finance, jade and precious stones mines, oil and gas exploration, tobacco, tourism, deep sea ports, and industrial parks. In other words, these two companies have interests in all the key sectors of the Myanmar economy. The shares of these two companies are owned by both retired and active generals, and therefore it is not a far fetch to suggest that the military and its cronies control the economy of the country. Once the military controls the essential resources, then it is just a matter of time to learn the trick of making this domination count, and the Pa-O experiment provides the perfect template for how to translate economic power into political power.

The political transition in Cambodia since the 1980s offers an interesting comparison. After the Vietnamese troops withdrew and the country was renamed the State of Cambodia, Prime Minister Hun Sen abandoned socialism in order to attract much needed foreign investment into the country. However, before the country was opened up, important state assets were transferred to companies controlled by the Cambodian People's Party (CPP), the only legal political party at that time under the leadership of Hun Sen (Hughes, 2003; The Institute of Policy Studies (IPS) of Singapore & The United Nations for Training and Research, 1995, p. 34). In the 1993 election supervised by the United Nations Transitional Authority for Cambodia, a coalition government was formed between the UN supported party, the United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia

(FUNCINPEC), and the CPP, with 45.5% and 38.2% of the vote respectively. However, due to the superior financial resources and control over the economy, the CPP overtook FUNCINPEC in the 1998 election, with 41.4% of the vote, and the latter dropped to 31.7%. In the 2008 election, the CPP became the strongest political party and won outright with 58.1% of the vote. Parallels can be drawn between the democratic transition in Cambodia and Myanmar. Although the NLD won a landslide victory in the 2015 election at the expense of the regime-backed USDP, whether they can introduce political and economic reforms to set the country on a firm path to democratic transition is questionable.

Like the CPP, the military regime in Myanmar own important state assets through UMEH and MEC. Together with other cronies of the state, the collusion between the political and business elites will prevent any meaningful reforms in removing inequalities, providing even distribution of resources in the rural areas, and safeguarding minorities' rights. Indeed, the cover-up on the Tigyit power plant during the 2015 election campaign underlines the scale of the collusion between politics and business. Despite the NLD winning the election, the interests of the existing beneficiaries will not be affected. Sadly, this is exactly what the Murdoch school of critical political economy would have foreseen from the outset; it is the curse of development that, even when the country is advancing, wealth will still be concentrated among the elites, while the deprived will continue to suffer exploitation and injustice. If the democratic transition in Cambodia is of any reference, then sadly Myanmar may face the same fate, as the military economic domination will favour the USDP in future elections.

To break the development curse and address injustice, the role of civil society needs to be further enhanced. This requires the continuous support of foreign donors because all local CSOs were funded by Western countries; for example, KRSAN and DEMO were funded by the NED, and the PYO was funded by George Soros's Open Society. Among the benefits, such as building capacity, broadening the concept of democracy, and consolidating the community, investment into CSOs result in two direct positive effects and an additional side effect. First, CSOs help to galvanise claimants of the same category so that their collective action can be more effective.

The publication of the “Poison Clouds” report on the pollution caused by the Tigyit projects by the PYO is a case in point. Second, CSOs can invite foreign donors to build schools and roads, thereby weakening the distributional power of the PNO. The response to the potential diminishing power has triggered the PNO to set up the PDN in order to bring in foreign donors to build schools and repair pagodas so as to maintain their influence on the locals. This can be seen as healthy competition between the PNO and the CSOs because, ultimately, it is the villagers that benefit from the additional social infrastructure provision.

Moreover, there is an added benefit to the increase in CSO activities at the grassroots level. In Pa-O villages, where there is lack of opportunities for teenagers, education is their only hope of escaping a life as farmers, the same as their parents. However, due to language problems, the majority of the Pa-O youth cannot get into good universities because they do not score well in entrance examinations, which are in Burmese. Some young people go to Chiang Mai, where there is a large Burmese population, looking for jobs. There, they encounter the American Consulate, where English classes are offered. They learn English and begin to receive knowledge about Western values based on human rights and democracy. They take capacity building classes, and they learn how to organise events, how to build teamwork, and how to promote their ideas. The youth leaders of KRSAN, DEMO, and PYO all went through such training. Indeed, the PYO set up its first base in Chiang Mai, and only when the political climate became more liberal did they set up offices in Taunggyi. KRSAN, DEMO, and PYO all receive funding from American sources. These youth leaders are frequently invited to attend overseas training programmes; for example, the youth leader of DEMO was invited to New York in October 2014 for three weeks to attend capacity-training classes, and the youth leader of KRSAN received a scholarship to study in New Zealand for four months in 2015. These youth leaders become role models for other Pa-O youths. Thus, organising civil society and launching advocacy campaigns have become an alternative career path for them.

## 8.4 Scope for Further Research

This thesis has identified the VTL as the crucial link in the control process between warlord accommodation at the macro level and manipulation of villagers at the micro level. However, since the research was only conducted in the Pa-O SAZ, the conclusion will inevitably invite criticism in relation to its idiosyncratic implication. Therefore, it needs to be broadened, through the use of comparative study, to other regions in the country. Since the organisation of Pa-O villages is similar to their immediate neighbours, the villages in Shan State, a comparative study can therefore be performed between the PNO and their counterpart, the SNDP, who is considered a pro-regime political party. In the 2015 election, they lost all their three seats in the House of Nationalities and eighteen seats in the House of Representatives. They only managed to hold on to one seat in the State and Regional *Hluttaws*, where they previously had 31 seats. Their seats were mainly taken over by the SNLD and NLD, which are anti-establishment parties. If the hypothesis is valid that electoral success depends on the ability to control the VTL, then the SNDP defeat should be able to be explained by their inability to control the VTLs.

Another issue that is worth further examination is the question of whether the hegemonic position of the PNO is beyond challenge. The state-in-society approach enables the research to focus on the process of power construction at the local level. It leads the research to identify the VTLs as the implementers, through whom the PNO controls the villagers. However, can this process be altered by changing power dynamics in the future? Given that the PNO is the sole administrator of the Pa-O SAZ by right after the 2015 election, and considering that they can exercise a considerable amount of distributional power on social infrastructure delivery, which, in turn, can reinforce support based on a well-entrenched political economy, what can be done to enforce checks and balances and bring justice to the SAZ? Even though the domination of the PNO appears to be solid, there are ripples in the political contours brought about by the Nationwide Ceasefire Agreement (NCA) signed in October 2015. As a parting legacy, former President Thein Sein was instrumental in renewing the ceasefire commitment of eight ethnic armed groups, of which the PNLO were one of the signatories. The significance of this agreement is



two-fold. First, in contrast with the previous agreements, which were not signed and lacked transparency, this one was written in black and white with witnesses and amid international attention. Second, after signing the NCA, the PNLO have become a legal entity. As such, the PNLO can conduct normal business, same as the PNO. More importantly, they can start taking foreign donations to bring much needed development to the villages outside of the PNO jurisdiction. Effectively, the PNLO could potentially challenge the authority of the PNO. At the time of writing, the PNLO have not set up a political wing, so they remain an armed group. However, there have been suggestions that they could either form a political party or work closely with the UPNO, which lost the election to the PNO in 2015.<sup>264</sup> Together with the rapid development in civil education through CSOs, a combined effort by the UPNO and the PNLO could potentially pose a serious challenge to the PNO.

Furthermore, the significance of the state-in-society approach is that it lays out the process through which state and society engage with one another and how control and resistance are being played out, which result in the current political situation. The approach is not to be used as a prediction of political outcomes; instead, it serves to highlight the different pathways of political transformation, thereby providing policy implications that shape socio-economic dynamics. Importantly, within the Pa-O emerging political complex, where different political actors are vying for influence and control, the dominance of the PNO in the Pa-O SAZ is far from a foregone conclusion. Rather, as suggested in the findings, reducing the reliance on the PNO for social infrastructure delivery by courting CSOs and overseas donors could mitigate PNO dominance in a positive way.

On a theoretical level, a question has to be asked in relation to whether the concept of moral economy can co-exist with warlord accommodation under ceasefire capitalism. This is to revisit the Scott-Popkin debate, but with revised concepts on subsistence, justice, reciprocity, and community resistance based on 21<sup>st</sup> century settings.

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<sup>264</sup> Interview with PNLO on 6 November 2015.

## **8.5 Is a Stationary Bandit Capable of Instilling a Moral Economy?**

In this research, I have been privileged to be able to talk to a unique community of Pa-O people from different walks of life; some were leaders of political parties, some were still taking active roles in ethnic armed groups, while others were political activists, businessmen, religious leaders, civil society activists, village tract leaders, village headmen, and ordinary villagers. Whatever was dividing them, there was a consensus among them that the area needs development. At the same time, they also recognised that development could not take hold if there was no peace. Therefore, the ordinary Pa-O were hoping that peace and stability would return when the PNO became a stationary bandit after reaching a ceasefire agreement with the regime in 1991. However, the resulting political economy that emerged from the collusion between the regime and warlords-turned-businessmen has merely continued previously exploitative practices. Crucially, the political economy has destroyed the traditional patron-client relations between the villagers and those in possession of power, i.e. the PNO and their agents at the village tract level, the VTLs. When the ethics of the moral economy was broken, resistance inevitably surfaced.

From a state-building perspective, one way of incorporating a frontier area into the core is through development. However, development has its price in the shape of inequality, injustice, and exploitation. The problem is intrinsic and systemic, and any promise that everyone will eventually benefit is just a fallacy. Therefore, the question is not how to solve the problem of development, but how to minimise the negative fallout.

In a political economy that is constructed through collusion between the political and business elites, the chance of getting justice and equality may seem remote. Despite this, there is a glimpse of hope that the arrival of CSOs, which create competition for the PNO with regard to social infrastructure delivery, may just accelerate the learning curve of the stationary bandit, which may include re-establishing a new patron-client relation based not just on providing the bare ethics of subsistence, but by offering better opportunities for the underprivileged to share the benefits of development.

# Appendices

## Appendix 1: Interview Introduction Brief

Thank you for agreeing to be interviewed by me today.

My name is Ricky Yue. I am a PhD student at the University of Bath in England. I am working on my PhD thesis, which studies the politics in Myanmar. For this research, I need to interview political party leaders, political activists, local community leaders, government and non-government organisation representatives, civil society organisation representatives, and ordinary citizens, hence the interview today. My translator is a student at my previous university in Hong Kong.

The objective of the research is to study the state-society relations in Myanmar, and in particular how state authority can be manifested at the local level where the resistance took place. The interview will be divided into two parts. The first part asks for your background, which includes your ethnicity, religious beliefs, and occupation. For this part of the interview, the information provided will be written down on a piece of paper, which is separated from the second part of the interview. The purpose of writing down the information on a separate file is to reduce the risk of exposing your identity, which is kept confidential at all times. The second part of the interview covers your understanding and experience of the state-society relations. With your permission, in addition to taking notes, this part of the interview will be audio-recorded to allow me to listen to it again afterwards in order to ensure that I have not misunderstood or omitted any points you have raised. After the research is finished, all records will be permanently destroyed.

At any stage of the interview, you may ask me questions if you do not understand. You do not need to answer any question that you do not feel comfortable with, and you may stop the interview at any time.

If you do not have any question so far, I would like to start the interview.

## Appendix 2: Semi-Structured Interview Question List

This is the second part of the interview, and I shall turn on the audio recording. There are six main areas that I want your views on:

- Who are the major political actors in the Pa-O SAZ?  
What power do they have?  
Where does their power come from?  
What are their relationships?  
How influential are these political actors? Can you give me examples?
- How is law and order being maintained in the SAZ?  
Are there police?  
Are the *Tatmadaw* involved?  
Are the PNA involved?  
Are there any traditions that people need to follow?
- Do you think there is justice in the current political arrangement?  
How are disputes settled?  
Who has the final say?  
Are there any traditions that you need to observe?
- What is your view on self-determination?  
Do you think self-determination has been achieved after forming the SAZ?  
What has improved?  
What has got worse?
- How do you see development in the SAZ?  
What do you expect from development?  
Who is responsible for development?  
What benefits has development brought to the community?  
What problems has development brought to the community?

- What do you think of the 2010 and 2015 elections?

Do you think the election in 2015 was fair?

Which party did you vote for and why?

### Appendix 3: The Three Waves of Ceasefire Agreements from 1989 to 1995

Period	Name of armed group	Date	Demarcated Area
First Wave	Myanmar National Democracy Alliance Army (Kokang) (MNDAA)	21-Mar-89	Special Region 1, Northern Shan State
	United Wa State Army (UWSA)	9-May-89	Special Region 2, Shan State
	National Democratic Alliance Army (Shan/Akha) (NDAA)	30-Jun-89	Special Region 4, Eastern Shan State
	Shan State Army (SSA)	2-Sep-89	Special Region 3, Shan State
	New Democratic Army-Kachin (NDA-K)	15-Dec-89	Special Region 5, Northern Shan State
Second Wave	Kachin Defence Army (KDA)	13-Jan-91	Special Region 5, Northern Shan State
	Pa-O National Organisation (PNO)	11-Apr-91	Special Region 6, Southern Shan State
	Palaung State Liberation Army (PSLA)	21-Apr-91	Special Region 7, Northern Shan State
	Kayan National Guard (KNG)	27-Feb-92	Special Region 1, Kayah State
	Kachin Independence Organisation (KIO)	1-Oct-93	Special Region 2, Kachin State
Third Wave	Karenni State Nationalities Peoples' Liberation Front (KNPLF)	9-May-94	Special Region 2, Kayah State
	Kayan New Land Party (KNLP)	26-Jul-94	Special Region 3, Kayah State
	Shan State Nationalities Peoples' Liberation Organisation (SSNPLO)	9-Oct-94	N/A
	Shan State National Army (SSNA)	End of 1995	N/A
	New Mon State Party (NMSP)	29-Jun-95	N/A

Source: Smith (1999); South (2008); Zaw Oo and Win Min (2007)

## Appendix 4: Questionnaire

### Questionnaire

(All personal information will be kept confidential)

Date: \_\_\_\_\_

Time: \_\_\_\_\_

Male/Female (delete one)

Age: \_\_\_\_\_

Ethnicity: Pa-O / Shan / Bamar / Wa / Chinese / Other (please specify)

\_\_\_\_\_

Religion: Buddhism / Christianity / Islam / Hinduism / Other (please specify)

\_\_\_\_\_

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1) Are you a member of any political party? Yes / No  
(if Yes, \_\_\_\_\_)

2) Did you vote in the 2010 election? Yes / No

3) Which political party did you vote for?

USDP ☐

NLD ☐

PNO ☐

PNLO ☐

UPNO ☐

SNLD ☐

SNDP ☐

Other (please specify) \_\_\_\_\_

4) Which political party will you vote for in 2015?

USDP ☐

NLD ☐

PNO ☐

PNLO ☐

UPNO ☐

SNLD ☐

SNDP ☐

Other (please specify) \_\_\_\_\_

5) Which political party do you not trust? (you can tick more than 1 box) Why?

USDP	<input type="checkbox"/>	_____
NLD	<input type="checkbox"/>	_____
PNO	<input type="checkbox"/>	_____
PNLO	<input type="checkbox"/>	_____
UPNO	<input type="checkbox"/>	_____
SNDP	<input type="checkbox"/>	_____
SNLD	<input type="checkbox"/>	_____
Other (please specify)		_____

6) What do you expect from the political party? (you can tick more than 1 box)

- |                                        |                          |
|----------------------------------------|--------------------------|
| a) Build more schools                  | <input type="checkbox"/> |
| b) Build more hospitals                | <input type="checkbox"/> |
| c) Build more roads                    | <input type="checkbox"/> |
| d) Provide more job opportunities      | <input type="checkbox"/> |
| e) Improve living standards            | <input type="checkbox"/> |
| f) Maintain peace                      | <input type="checkbox"/> |
| g) Protect ethnic rights               | <input type="checkbox"/> |
| h) Promote equality                    | <input type="checkbox"/> |
| i) Protect the environment             | <input type="checkbox"/> |
| j) Push for democracy                  | <input type="checkbox"/> |
| k) Push for development                | <input type="checkbox"/> |
| l) Push for change in the Constitution | <input type="checkbox"/> |
| m) Other (please specify)              |                          |

\_\_\_\_\_

\_\_\_\_\_

7) How to you rate the importance of the following objectives? (1 to 5; 5 = most important)

- |                                        |   |   |   |   |   |
|----------------------------------------|---|---|---|---|---|
| a) Build more schools                  | 1 | 2 | 3 | 4 | 5 |
| b) Build more hospitals                | 1 | 2 | 3 | 4 | 5 |
| c) Build more roads                    | 1 | 2 | 3 | 4 | 5 |
| d) Provide more job opportunities      | 1 | 2 | 3 | 4 | 5 |
| e) Improve living standards            | 1 | 2 | 3 | 4 | 5 |
| f) Maintain peace                      | 1 | 2 | 3 | 4 | 5 |
| g) Protect ethnic rights               | 1 | 2 | 3 | 4 | 5 |
| h) Promote equality                    | 1 | 2 | 3 | 4 | 5 |
| i) Protect the environment             | 1 | 2 | 3 | 4 | 5 |
| j) Push for democracy                  | 1 | 2 | 3 | 4 | 5 |
| k) Push for development                | 1 | 2 | 3 | 4 | 5 |
| l) Push for change in the Constitution | 1 | 2 | 3 | 4 | 5 |



8) Do you trust the following political parties?

USDP	Yes / No
NLD	Yes / No
PNO	Yes / No
PNLO	Yes / No
UPNO	Yes / No
SNDP	Yes / No
SNLD	Yes / No

9) Do you trust the current government in terms of:

- |                                     |          |
|-------------------------------------|----------|
| a) Maintaining peace in the region? | Yes / No |
| b) Protecting ethnic rights?        | Yes / No |
| c) Providing development?           | Yes / No |
| d) Ensuring equality?               | Yes / No |
| e) Promoting democracy?             | Yes / No |

10) Do you trust USDP in terms of:

- |                                   |          |
|-----------------------------------|----------|
| a) Promoting peace in the region? | Yes / No |
| b) Protecting ethnic rights?      | Yes / No |
| c) Providing development?         | Yes / No |
| d) Ensuring equality?             | Yes / No |
| e) Promoting democracy?           | Yes / No |

11) Do you trust NLD in terms of:

- |                                   |          |
|-----------------------------------|----------|
| a) Promoting peace in the region? | Yes / No |
| b) Protecting ethnic rights?      | Yes / No |
| c) Providing development?         | Yes / No |
| d) Ensuring equality?             | Yes / No |
| e) Promoting democracy?           | Yes / No |

12) Do you trust Aung San Suu Kyi in terms of:

- |                                   |          |
|-----------------------------------|----------|
| a) Promoting peace in the region? | Yes / No |
| b) Protecting ethnic rights?      | Yes / No |
| c) Providing development?         | Yes / No |
| d) Ensuring equality?             | Yes / No |
| e) Promoting democracy?           | Yes / No |

13) Do you trust PNO in terms of:

- |                                   |          |
|-----------------------------------|----------|
| a) Promoting peace in the region? | Yes / No |
| b) Protecting ethnic rights?      | Yes / No |
| c) Providing development?         | Yes / No |
| d) Ensuring equality?             | Yes / No |
| e) Promoting democracy?           | Yes / No |

14) Do you trust PNLO in terms of:

- |                                   |          |
|-----------------------------------|----------|
| a) Promoting peace in the region? | Yes / No |
| b) Protecting ethnic rights?      | Yes / No |
| c) Providing development?         | Yes / No |
| d) Ensuring equality?             | Yes / No |
| e) Promoting democracy?           | Yes / No |

15) Do you trust UPNO in terms of:

- |                                   |          |
|-----------------------------------|----------|
| a) Promoting peace in the region? | Yes / No |
| b) Protecting ethnic rights?      | Yes / No |
| c) Providing development?         | Yes / No |
| d) Ensuring equality?             | Yes / No |
| e) Promoting democracy?           | Yes / No |

16) Do you trust SNDP in terms of:

- |                                   |          |
|-----------------------------------|----------|
| a) Promoting peace in the region? | Yes / No |
| b) Protecting ethnic rights?      | Yes / No |
| c) Providing development?         | Yes / No |
| d) Ensuring equality?             | Yes / No |
| e) Promoting democracy?           | Yes / No |

17) Do you trust SNLD in terms of:

- |                                   |          |
|-----------------------------------|----------|
| a) Promoting peace in the region? | Yes / No |
| b) Protecting ethnic rights?      | Yes / No |
| c) Providing development?         | Yes / No |
| d) Ensuring equality?             | Yes / No |
| e) Promoting democracy?           | Yes / No |

18) Do you think corruption is getting better now than:

- |                 |                 |
|-----------------|-----------------|
| a) Before 2012? | Yes / No / Same |
| b) Before 2010? | Yes / No / Same |
| c) Before 2008? | Yes / No / Same |
| d) Before 1988? | Yes / No / Same |

19) Do you think the rule of law is better now than:

- |                 |                 |
|-----------------|-----------------|
| a) Before 2012? | Yes / No / Same |
| b) Before 2010? | Yes / No / Same |
| c) Before 2008? | Yes / No / Same |
| d) Before 1988? | Yes / No / Same |

20) Do you think the area is more stable now than:

- |                 |                 |
|-----------------|-----------------|
| a) Before 2012? | Yes / No / Same |
| b) Before 2010? | Yes / No / Same |
| c) Before 2008? | Yes / No / Same |
| d) Before 1988? | Yes / No / Same |

21) Do you think the country is more stable now than:

- |                 |                 |
|-----------------|-----------------|
| a) Before 2012? | Yes / No / Same |
| b) Before 2010? | Yes / No / Same |
| c) Before 2008? | Yes / No / Same |
| d) Before 1988? | Yes / No / Same |

22) Are you happier now than:

- |                 |                 |
|-----------------|-----------------|
| a) Before 2012? | Yes / No / Same |
| b) Before 2010? | Yes / No / Same |
| c) Before 2008? | Yes / No / Same |
| d) Before 1988? | Yes / No / Same |

23) What do you think of Chinese investment in the area?

- |                                          |                       |
|------------------------------------------|-----------------------|
| a) It is good for the area's development | Yes / No / No comment |
| b) It creates job opportunities          | Yes / No / No comment |
| c) It is welcomed                        | Yes / No / No comment |
| d) It causes pollution                   | Yes / No / No comment |
| e) It causes land grabbing               | Yes / No / No comment |
| f) It causes corruption                  | Yes / No / No comment |
| g) It causes social problems             | Yes / No / No comment |

24) Do you think other countries' investment is better than Chinese investment?

Yes / No / No comment

25) Which country's investment do you prefer to Chinese investment?

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